



State of Missouri

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# Office of Administration

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The Missouri Budget - Fiscal Year 2003

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## The Missouri Budget Fiscal Year 2003



Bob Holden  
Governor

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January 23, 2002

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

The past year has presented our nation and state with many challenges. The national and Missouri economies slipped into recession in March. In fact, Missouri state revenues were already weakening toward the end of 2000. Upon taking office last January, I immediately had to reduce state spending to get the budget back in balance. The terrorist attacks of September 11 took the lives of thousands of our fellow citizens and disrupted the lives of all Americans. The attacks deepened our economic troubles and delayed the hoped for economic recovery. Like Missouri families, state government must live within its means and I have had to further cut state spending to keep the budget in balance.

During the current fiscal year I have had to reduce state spending from appropriated levels by more than \$600 million. These cuts have not been easy, but were necessary to ensure the financial stability of the present and the economic promise of tomorrow. By acting quickly, I believe that Missouri has avoided the financial disasters that currently confront some other states.

The Fiscal Year 2003 budget will again be very tight. The revenue estimate I have endorsed, along with the Missouri House and Senate, calls for only limited growth in general revenue. Therefore, next year we will have to stretch dollars farther than ever before to meet our obligations. It is very difficult to recommend many of the core cuts in this budget. I am saddened that the state will be unable to provide all of the services that citizens have come to expect.

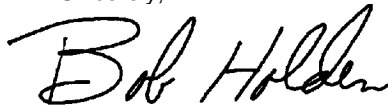
There are some cuts that I am unwilling to recommend. I am calling on the General Assembly to join me in using the state's rainy day fund to preserve critical services that would otherwise have to be reduced to balance the budget. The rainy day fund was established to give the state extra resources when it most needs them. The time has come to use these funds.

Improving K-12 education is my number one priority. The Fiscal Year 2003 budget includes full-funding of the school foundation formula. This additional funding can be obtained without a general tax increase. I am asking the General Assembly to join me in supporting a legislative funding package that will increase state revenues from a variety of sources including riverboat gaming, lottery, tax loopholes, and a tax amnesty program. Securing this funding is a critical step in keeping the state's commitment to improving our schools.

The Fiscal Year 2003 budget also provides important new resources to improve Missouri's homeland security. Even in tight budget times, we must not neglect our responsibility to take prudent steps to safeguard our citizens and vital assets against the emerging terrorist threat.

The Fiscal Year 2003 budget will be the tightest budget in more than a decade. Missouri has weathered such storms in the past and will do so again. I am committed to keeping the budget balanced through fiscally responsible policies. However, now more than ever before, we must look to the future. The future of Missouri is being shaped in the classrooms of today. Passage of my plan to fully fund the school foundation formula is essential to improving teaching and learning and will help secure a brighter future for Missouri.

Sincerely,

A handwritten signature in black ink that reads "Bob Holden". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Bob Holden  
Governor of Missouri

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# THE MISSOURI BUDGET

## FY 2003 BUDGET SUMMARY

### RECOVERING FROM TERRORISM

Missouri and all of the other states are struggling through staggeringly difficult economic times. The economy officially went into recession in March 2001. During the summer of 2001 all major national forecasters envisioned an economy that would begin growing again during the last half of calendar year 2001 with substantial growth during calendar year 2002. However, the terrorist attacks of September 11 have delayed economic recovery and made it likely that such recovery will be slower and weaker than hoped. These events have knocked askew the state's fiscal underpinnings.

Governor Holden entered office one year ago and was immediately faced with a budget that had to be cut. In his first year of office Governor Holden took decisive action to balance the budget.

During Fiscal Year 2001 in his first six months of office he:

- Withheld \$76 million in state agency operating budget spending.
- Redirected \$126.9 million in tobacco settlement proceeds to help pay for the escalating cost of the senior prescription drug tax credit.
- Changed state expenditure practices to prevent end of year spending by state agencies.
- Maximized federal revenues.

In Fiscal Year 2002 he:

- Core cut \$196.6 million from the budget – the most in Missouri history.
- Withheld \$200.3 million in state agency operating budget spending in Fiscal Year 2002.
- Withheld \$140.7 million in capital improvements spending, mostly for higher education construction.

- Withheld \$82.5 million in spending from the tobacco settlement and redirected that money to general revenue.
- Redirected \$78.5 million in funds from other state accounts to general revenue.
- Vetoed \$26.5 million from the budget.
- Reduced tax credits by \$7.5 million.

The continued recession and the economy's reaction to the terrorist attacks have forced Missouri, and most other states, to take strong budget action to ensure a balanced budget. While the federal government is allowed to run a deficit, Missouri state government must balance its budget each year. Like Missouri families, our state government must live within its means. In Fiscal Year 2002, Governor Holden has taken \$536 million in actions since the General Assembly passed the budget last May to ensure that the state's budget is balanced. The Governor's budget actions have been guided by several principles. First, K-12 education will be protected at all costs. Second, Missouri's most vulnerable citizens – children and the elderly – will be protected to the greatest extent possible. Third, public safety and corrections are essential to protecting our citizens from crime and will be preserved. Missourians can see the effect of the Governor's priorities in the services that they receive. Administrative cuts have been deep. K-12 education has been protected. Vacancies in staff in our correctional institutions have been filled to ensure the safety of our correctional officers and the security of our citizens.

Missouri's actions and the Governor's values can be put into perspective by seeing how other states are responding to severe economic times. Across the country state governments are tightening their belts. Education has suffered substantial budget cuts in Florida, Arizona, Iowa, Kansas, and California. Prisons are being closed in Michigan, Ohio, and Kansas. Medicaid funding is being cut. State

governments are holding vacancies open, if not actually laying off state workers, and are reducing or eliminating employee pay increases.

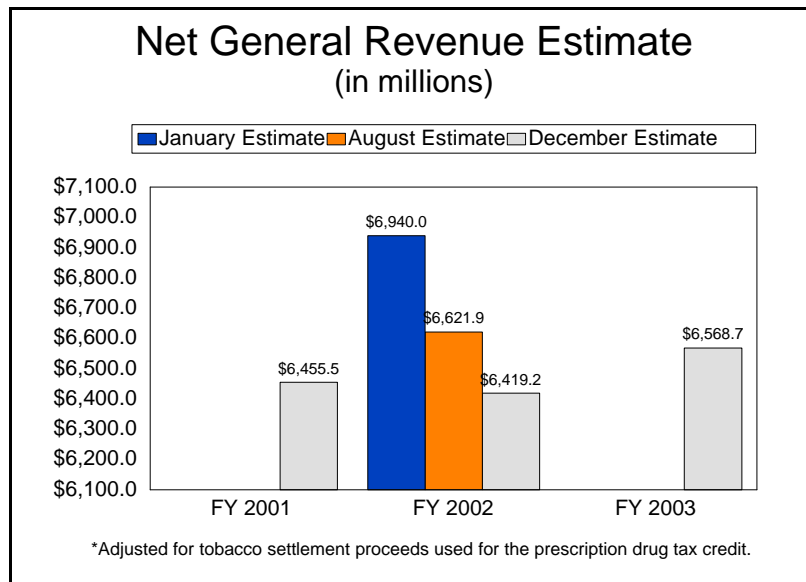
In his first year of office, Governor Holden has taken \$612 million in budget actions. While he expects and hopes that these actions are sufficient, the Governor stands prepared to take additional action to ensure a balanced budget. The Fiscal Year 2003 budget presents the most difficult challenge to face the Governor and the General Assembly since the recession in the early 1990s. The chart below reveals the depth of the state's financial difficulties that face the Governor and the General Assembly:

- Fiscal Year 2002 net general revenue collections are now estimated to be \$6,419.2 million, a total of \$520.8 million below the \$6,940 million on which the budget is based.
- Fiscal Year 2002 net general revenue collections are now estimated to be \$36.3 million below those actually received in Fiscal Year 2001, a .6 percent decline.
- Fiscal Year 2003 net general revenue collections will increase by \$149.5 million over projected the final Fiscal Year 2002 estimate, a relatively anemic 2.3 percent growth.
- Fiscal Year 2003 net general revenue collections will be \$371.3 million below the amount needed to support the budget approved for Fiscal Year 2002.

Therefore, the state must cut \$371.3 million from the budget even before it can consider funding any new items or continuing support of priority programs such as the Foundation Formula for public schools. However, as in year's past, the state faces large increases in the cost of essential programs in Fiscal Year 2003. These increases must be paid for with even more cuts to the core budgets. Health care costs in the Medicaid program and for state employees are rising dramatically. The Department of Social Services (DSS) requested a \$281 million general revenue increase in the Medicaid budget, 34 percent. Since both the cost of drugs and their use is increasing, the DSS request included 26 percent growth in the Medicaid pharmacy budget prior to discounting for cost containment efforts. These costs must be met to ensure continuation of services to Medicaid recipients, the majority of whom are elderly, disabled, or young children. Similarly, in calendar year 2001 the prison population grew by 3.59 inmates per day, a total of 1,311 inmates. This continuing growth will require the opening of the new prison at Bonne Terre.

## CORE BUDGET REVIEW

As State Treasurer, Bob Holden focused on increasing the state's return on its investment. As Governor, Bob Holden wants Missouri government to be similarly focused on results and accountable to taxpayers. Missouri has been recognized as one of the best-managed



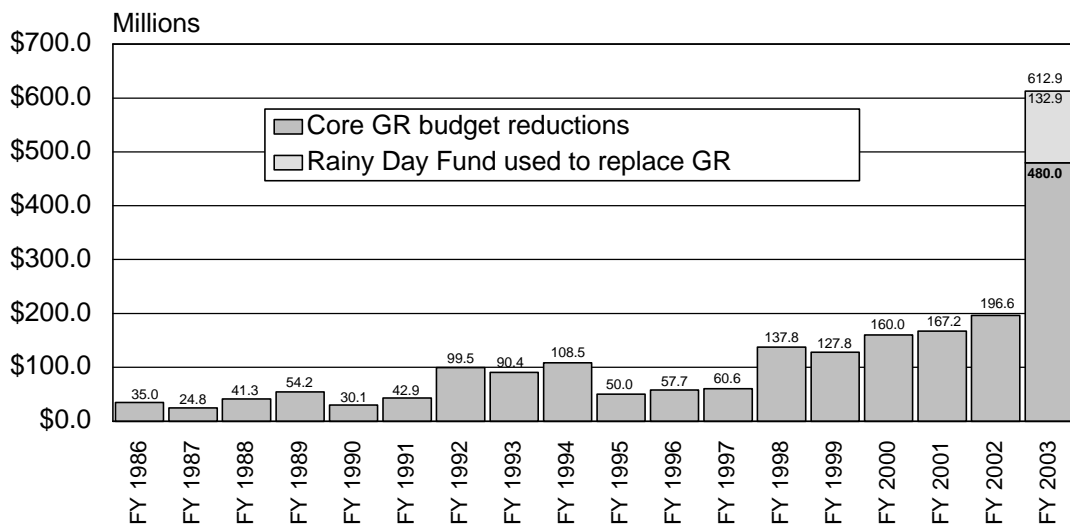
states in the nation, most recently by *Governing Magazine*. In addition, our Managing for Results efforts were rated as one of the five best in the nation. However, one of the distinguishing characteristics of the best performing organizations – whether they are private or public – is the recognition that they can be even better.

In mid-2001 Governor Holden exercised his leadership by directing the state budget office to conduct the most thorough review ever done of the state budget. The Governor demanded that the “core review” be performance based by examining the results that are being achieved by each state program. Governor Holden is committed to reviewing the core budget every year. The core cuts and efficiencies that balance the Fiscal Year 2003 budget could not have been identified without this thorough and exhaustive process. The state budget office and the Governor’s Cabinet Director reviewed all general revenue programs – their purpose, funding, and results. The departments of state government were asked to submit “core” reduction plans of 5 percent, 10 percent, and 15 percent with an explanation of the impact of losing funding.

The result of the most extensive “core” review in the state’s history is \$612.9 million in budget cuts, bringing the Governor’s two year core cut total to \$809.5 million. As the chart below shows, the Fiscal Year 2003 budget cuts are more than ever previously recommended. The Governor recommends that \$132.9 million of the core reductions be replaced with budget reserve funds on a one-time basis in Fiscal Year 2003. State government will be smaller with 688 fewer employees, but Governor Holden demands that the departments of state government continue to provide quality service by working smarter and more efficiently. Missouri remains a low tax state – ranked 47<sup>th</sup> in state government expenditures per capita. Governor Holden is committed to maximizing taxpayers’ dollars by demanding that state government operate on a business model where managers are held accountable for results.

Governor Holden has dramatically changed the focus of state government. He has established that fully funding the foundation formula for K-12 education is the most important priority of his administration. Whole programs have been eliminated and others have been reduced by 25

## Governor Recommended GR Core Cuts



percent or more. General revenue in the state Medicaid program has been reduced by \$30.8 million even though mandatory general revenue increases total \$157.5 million. The general revenue reduction in Medicaid has been accomplished by aggressive cost containment initiatives, reducing eligibility, maximizing use of other funds, and reducing payment levels. See the Department of Social Services section of the Missouri Budget for more information on the cost containment initiatives.

### RAINY DAY FUND – PROTECTING THE MOST VULNERABLE

Unfortunately, many of the core cuts that are required to balance the budget put our most vulnerable Missourians at risk. This is because 25.2 percent of the general revenue budget is spent on human services. During the core review process the Governor sent state budget officials back to the drawing board several times to look for core cut options that spared

the most vulnerable from service reductions. The Governor has identified \$132.9 million in general revenue budget cuts needed to balance the budget that he believes compassionate Missourians will agree go too far. In addition, \$2.1 million is needed to implement priority health care legislation. The Governor recommends that \$135 million of the state's "Rainy Day" Fund be used to pay for these services in Fiscal Year 2003. These services cannot be supported by current revenue sources. Though critical to these Missourians, they are not services that a state has no option but to provide. However, these services include things that a modern, just and humane society should provide to those less fortunate among us. The Governor has protected these critical services by providing a revenue source – the "Rainy Day" Fund - to be used as a bridge to a better economy and a permanent solution for funding these services.

The table below summarizes the services included in the Governor's recommendation.

### Budget Reserve Fund Recommendations

<b>Elementary and Secondary Education</b>	
Personal Care Assistance	\$4,002,175
<b>Transportation</b>	
Transit funding	7,531,179
Elderly and handicapped transportation	1,349,341
AMTRAK	4,825,000
Port authority assistance	400,488
<b>Mental Health</b>	
Alcohol and drug abuse treatment services	15,796,627
Comprehensive psychiatric community services	56,048,544
Community programs for the developmentally disabled	20,450,631
<b>Health and Senior Services</b>	
Home and community services program and grants	22,462,164
Lupus (HB 106)	58,987
Expanded newborn screening (HB 279)	868,076
Family care safety registry (SB 48)	106,678
Quality monitoring (HB 316 & SB 326)	275,102
<b>Social Services</b>	
Presumptive eligibility	770,080
Expanded newborn hearing screening (HB 401)	54,928
Total	\$135,000,000



The Governor recommends that a separate appropriations bill be created to contain all of the funding for these items – HB 1114. A separate bill will facilitate the two-thirds approval of the General Assembly required by Article IV, Section 27 (a) of the Missouri Constitution. In addition, a separate bill will ensure that all Missourians and lawmakers can see how the “Rainy Day” Fund is being used. The National Conference of State Legislatures reports that at least 24 states are considering or have already used reserves to balance their budgets. The number is likely to get higher as governors across the country introduce their proposed budgets over the next few weeks.

In November 2000 the voters of Missouri approved creating a Budget Reserve Fund by combining the state’s Cash Operating Reserve Fund and the Budget Stabilization Fund (commonly called the “Rainy Day” Fund). The fund is required to have 7.5 percent of the previous year’s net general revenue collections. The fund had a \$458.4 million balance at the beginning of October 2001. Under the state’s constitutional provisions, the Governor, with two-thirds approval by the General Assembly, can use up to one-half of the fund for “rainy day” purposes. However, as permitted by law, the state used \$280 million from the fund in Fiscal Year 2001 for cash flow purposes. The state repays this cash flow loan with interest by May 15 each year. The state expects to use up to \$300 million in Fiscal Year 2002 for cash flow purposes. Therefore, from a fiscally prudent standpoint, only about one-third of the Budget Reserve Fund can ever be used for “rainy day” purposes -- about \$152.8 million. The Governor recommends using \$135 million and leaving \$17.8 million in the fund that could be used for “rainy day” purposes at a later time. During the Great Flood of 1993 the state used a roughly equivalent amount - \$16 million - from the “rainy day” fund to weather the storm. The remaining balance in the fund should provide sufficient reserves to cope with a similar natural disaster.

Governor Holden recognizes that the “rainy day” fund only provides one-time revenues for these ongoing services. Indeed, the state constitution requires that any use for a “rainy day” be repaid to the fund in payments of one-third over three years. Therefore, the Governor’s recommendations would require a \$45 million repayment plus interest to the “Rainy Day” Fund in Fiscal Year 2004 to Fiscal

Year 2006. The repayment can take place more quickly at the discretion of the Governor and the General Assembly.

## **TOBACCO SECURITIZATION**

A number of state’s have sold their tobacco settlement proceeds in a process called “securitization.” Tobacco securitizations are similar to a revenue bond borrowing. New York City issued the first tobacco revenue bonds in November 1999. In Missouri, the Board of Public Buildings would sell bonds secured by the rights to the future stream of tobacco settlement payments. The state would then receive a large one-time payment that could be used for any purpose approved by the Governor and the General Assembly.

The Governor supports legislation that would allow the state to securitize Missouri’s tobacco settlement proceeds. Having used a large portion of the “Rainy Day” Fund, it is appropriate to give the state another mechanism to raise one-time revenues that could be used for one-time purposes. In the current national economic crisis, several states have securitized large amounts of tobacco settlement proceeds and have funded ongoing, multi-year appropriations. States that have adopted this short-term practice have seen their bond ratings downgraded thus creating higher costs for any borrowing which is not acceptable for Missouri because it is one of only nine states with a triple-A bond rating from each of the three major bond rating firms.

## **FISCAL YEAR 2003 SUMMARY OF RECOMMENDATIONS**

The Fiscal Year 2003 budget balances resources and obligations based on the consensus revenue and refund estimate. The Governor directed the most thorough review of core budgets in the history of Missouri state government. This review identified \$612.9 million in general revenue core budget reductions and redirections. The Governor recommends that \$132.9 million of the core reductions be replaced with budget reserve funds on a one-time basis in Fiscal Year 2003.

Fiscal Year 2003 base operating appropriations after core cuts are \$5,937.3 million.

New operating budget appropriations of \$332.9 million are recommended to continue high priority existing programs, cover increasing Medicaid caseloads and costs, address security needs, respond to the expected growth in prison inmate population, and provide for increased state employee health care costs.

This brings the total general revenue operating budget to \$6,270.2 million, exclusive of court-ordered desegregation spending, tax refunds, and revenues dedicated to the Outstanding Schools Trust Fund.

The Fiscal Year 2003 cost for the desegregation settlement is \$20 million.

A total of \$90 million has also been set aside for supplemental appropriations and increases in estimated appropriations.

## MISSOURI'S FOUNDATION FORMULA FOR LOCAL SCHOOLS

Governor Holden's number one priority is to provide an additional \$219.4 million to fully fund the Foundation Formula – the primary assistance program for Missouri's 524 public school districts. Full funding of the Foundation Formula will assist public school districts in providing vital services while demonstrating our commitment to equip Missouri students with the tools they need to succeed in school. This is critical to ensure that Missouri is on track to becoming a leader among states in education. Full funding of the Foundation Formula provides funds to:

- Improve student academic achievement.
- Increase teacher salaries, which helps retain and attract qualified teachers.
- Assist with increasing operating costs outside the control of the district, such as utilities, supplies, and insurance.
- Provide professional development opportunities to teachers and school administrators.
- Provide resources for school districts to improve curriculum.
- Lower class sizes.

If not funded, school districts would encounter

difficulties in retaining and attracting qualified teachers, keeping class sizes low, providing remediation and enrichment programs that help students succeed, and updating classes that will prepare students for the 21<sup>st</sup> century.

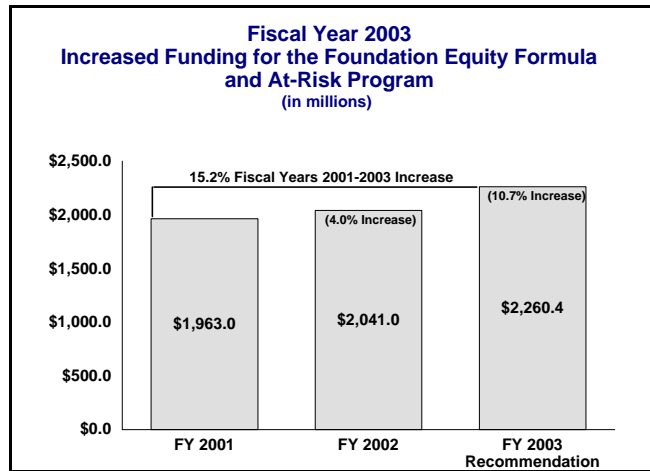
The Governor's plan to provide full funding for the Foundation Formula includes new revenue initiatives from riverboat gaming, the state lottery, and technical changes in the administration of the state sales tax. These initiatives include:

Riverboat Gaming – \$156.5 million. The Governor's plan will increase the average net effective tax rate on Missouri boats to approximately the average effective tax rate in Illinois.

- 2% increase in tax on riverboat gaming receipts – \$31.5 million. The current adjusted gross receipts tax is 20 percent which is shared by the state (18 percent) and the local governments where the riverboats are docked (2 percent). The Governor's proposal raises the state share to 20 percent and leaves the local share at 2 percent.
- \$1 increase in riverboat gaming admission fee - \$50 million. The current \$2 admission fee will be increased by \$1 under the Governor's proposal.
- Eliminate loss limits on riverboat gaming - \$75 million. Missouri is the only state in the nation with a loss limit on riverboat gaming. The current \$500 loss limit is difficult and costly to apply and is easily avoided. The limit prevents Missourians and visitors from participating in gaming to the fullest extent and puts the state's casinos at a competitive disadvantage while not providing an effective deterrent for problem gamblers.

Lottery – \$20.8 million

- Implement additional lottery games – \$20.8 million. The lottery will introduce a quick draw lottery game into age-controlled environments. This new game will benefit many small businesses and not-for-profit entities. Currently nine other states including Kansas offer these types of games.



Changes in state sales tax law – \$34.9 million

- Reduce to 0.5% the timely filing discount on sales tax submissions – \$24.9 million. Missouri businesses receive a two-percent discount for sending the sales taxes they collect from consumers to the state. In other words, businesses keep a substantial amount of sales taxes that consumers believe they are paying to government for the services they receive. This discount has been in effect since 1939 and was originally justified on the basis that businesses had to have lots of clerks pushing paper to calculate how much sales tax should be remitted to the state. However, in the Internet age, computers calculate the tax owed by a business and the money can be transmitted to the state in seconds. The two-percent discount no longer recognizes the cost of compliance, and should be reduced accordingly.
- Demand that sales tax refunds be returned to purchasers – \$10 million. Currently, a business that applies for and receives a sales tax refund for taxes they have inappropriately collected from customers is not required to even attempt to find and return the overpayment to the purchaser. A cottage industry of consultants has developed to mine businesses for such sales tax refunds. As a result, sales tax refunds have increased from \$15.4 million in Fiscal Year 1996 to \$67.0 million projected in Fiscal Year 2003. State Auditor Claire McCaskill has identified this abuse of a loophole in our current sales tax law as intolerable.

Tax amnesty – \$15 million. The Governor proposes a tax amnesty for a two month period in the fall of 2002. The state has tried a tax amnesty just once in its history. The tax amnesty implemented in the early 1980s during a recession brought in only a minimal amount of money. The failure of that amnesty was due to a number of things including limited advertising. In addition, the earlier tax amnesty was conducted by the Department of Revenue under its limited authority, which prevents the director from waiving interest penalties. Cases currently in court or already identified by the Department of Revenue will not be allowed to participate in the tax amnesty. States that have successfully implemented tax amnesties have allowed for waiving interest and penalties, thus giving individuals and businesses a greater incentive to come forward and properly report their tax liability. The Governor recommends that the General Assembly pass legislation and provide the necessary funding to maximize the impact of the tax amnesty. The Governor cautions the General Assembly not to overestimate the amount the tax amnesty will generate. States that have assumed large amounts from tax amnesty have been disappointed and then have been forced to cut programs funded with the overestimate. The small amount of one-time money estimated by the Governor will be covered by the growth in the other items recommended in this package in Fiscal Year 2004.

## OTHER ADDITIONAL RESOURCES FOR LOCAL SCHOOLS

Governor Holden's Fiscal Year 2003 budget includes \$3.7 billion in direct state aid to local public schools. In addition to the Foundation Formula, the Governor recommends:

- \$6.5 million for Early Childhood Special Education for educational services provided to three- and four-year-old children with disabilities, bringing total state funding to \$69.6 million.
- \$2.1 million for payments to public schools for students placed by the Division of Family Services or the Department of Mental Health.

## TOBACCO SETTLEMENT

In 1998, the National Association of Attorneys General announced a national settlement agreement with five major tobacco companies and Missouri was part of this settlement. In May 2001, Missouri received its first payment of the tobacco settlement proceeds. It is estimated that the state will receive about \$164 million during Fiscal Year 2003. Because of the state's current revenue situation, it is not prudent to begin dozens of new programs when existing programs are being cut. The Governor recommends using a portion of the tobacco settlement proceeds to pay for core health care programs while retaining a portion for the most critical investments that will improve the lives of Missourians in the future.

- Tobacco use in Missouri is one of the highest in the nation; 27 percent of adults smoke. Even more alarming are recent studies that indicate one-third of Missouri teenagers are smoking. As a result, Missouri ranks well above average in smoking-related diseases such as heart disease, cancer, and emphysema. Several states have made investments in tobacco prevention and tobacco use reduction programs, especially among teens. To decrease the costly and deadly impacts of smoking and to help contain future health care costs in Missouri, Governor Holden supports Fiscal Year 2003 funding of \$22.2 million to support smoking cessation, prevention, and anti-smoking education. These funds will be invested in efforts

endorsed by the Centers for Disease Control and Prevention, which have been proven to reduce youth smoking in other states.

- For Missouri seniors, the affordability of prescription drugs continues to be a serious concern. Prescription drug coverage is still excluded from Medicare, and separate insurance to cover prescription drugs is very costly. For seniors with limited resources, choosing which prescription to fill is, unfortunately, a choice they often must make. Some seniors forego necessary medications, leading to increased illness and acute medical costs. During a special session called by Governor Holden, the General Assembly approved the Senior Rx Program to provide drug coverage for seniors with individual incomes below \$17,000 or household incomes below \$23,000. The Governor recommends \$20.4 million of the tobacco settlement payments, along with other funding already set aside, to fund this program.
- Life sciences research will help lead the state to tremendous advancements in the prevention and treatment of diseases and to new uses for agricultural products. Competing with other states and nations in life sciences research is critical to Missouri's economic growth. The Governor recommends a Fiscal Year 2003 investment of \$21.6 million for life sciences.
- Missouri has recently made great improvement in access to health care for its citizens. However, it is vital that the state provide a safety net for those Missourians who do not have access to health care through an employer. The Governor recommends continued support of \$56.1 million in Fiscal Year 2003 to ensure access to health care for low income Missourians.
- Health care costs are a rapidly growing expenditure for Missouri and all other states. In order to ensure that the state can meet the costs of vital core health care programs, the Governor recommends using \$43.8 million from the tobacco settlement to pay these costs.

**Opening the Bonne Terre prison**

Governor Holden recommends opening the Bonne Terre prison in Fiscal Year 2003. Increasing prison capacity is an essential element to controlling crime. Missouri's crime rate has dropped during the past ten years as the state has increased prison capacity. Missouri's tough criminal sentencing laws have resulted in a prison population that has expanded at a substantial rate over the past five years and had three serious impacts on efforts to manage Missouri prison capacity:

- New prisons have had to be constructed to hold the growing population - In 1994, Missouri prisons could hold 18,162 inmates. By the end of 2001, 12,212 more beds had been added to hold an ever expanding inmate count.
- Due to the rapid rate of inmate growth, older facilities have had to remain on line - Many Missouri prisons have been in existence for many decades and are becoming increasingly expensive to operate due to their inherent inefficiencies and the general costs of aging facilities. Ideally, these prisons should be retired in favor of more efficient and generally less expensive new institutions. However, the rate of inmate growth has not allowed the construction of replacement bed space, only new capacity. The only exception has been the construction currently underway of a replacement facility for the Jefferson City Correctional Center (JCCC) which has been in continuous operation for 166 years. The efficiencies and savings resulting from the new JCCC facility will more than cover the cost of the revenue bond debt incurred to build it.
- Interim housing had to be created and maintained - As a result of inmate growth outpacing actual prison capacity, approximately 1,000 temporary "interim" housing beds have been created and maintained within several Missouri prisons. These efforts include the placement of beds in hallways and tents. Due to the inmate growth rate, currently there is no projected date by which these costly beds can go off line.

If new prison capacity is not added at Bonne Terre in Fiscal Year 2003, the Missouri prison system will run out of space to house offenders during the fiscal year. To address the need for more prison beds, the Governor recommends in Fiscal Year 2003:

- \$30 million to open approximately 1,684 beds at Missouri's newest correctional facility, Eastern Reception and Diagnostic Correctional Center at Bonne Terre, Missouri. An additional 1,000 beds will need to be opened in Fiscal Year 2004.
- \$10.2 million to maintain the current capacity level at Southeast Correctional Center and open 288 more beds. An additional 444 beds will need to be opened in Fiscal Year 2004.
- \$3.6 million to maintain and operate "interim" housing at Algoa Correctional Center, Western Missouri Correctional Center in Cameron, and the Fulton Reception and Diagnostic Center.

In addition, the Governor's recommendations provide funding to improve security and meet the demands of inmate population growth, including:

- \$8.2 million for increased medical services.
- \$3.8 million federal funds and 13 staff for increased education and substance abuse services.
- \$2.1 million and 45 staff for population-based education increases.
- \$2.1 million for other inmate population based costs.
- \$1.2 million for increased fuel and utilities.

**Treatment for Sexually Violent Predators**

Persons deemed by the courts to be "sexually violent predators" are committed to the custody of the Department of Mental Health for control and treatment until they can safely return to the community. The courts have also tended to place individuals in the department's custody pending final determination of their status. The program began in January 1999 at the Southeast Missouri Mental Health Center, and the number of individuals detained or committed has been steadily increasing. Governor Holden recommends an increase of \$1.4 million for the program in Fiscal Year 2003.

## REVIEW OF THE FISCAL YEAR 2002 BUDGET

The State of Missouri finished Fiscal Year 2001 in sound but strained financial condition. Due to a weakening economy and tax cuts enacted in 1999 net general revenue grew only 4.2 percent. Net general revenue completed the year about \$98 million below forecast, which was within 1.5 percent of the consensus revenue estimate. Net general revenue collections finished below the consensus forecast due to several factors. The economic downturn that began in the spring depressed sales and use tax collections, which ultimately rose only 1.0 percent. In addition, corporate income tax receipts continued to decline, with gross corporate income tax collections falling nearly 18 percent.

While most economists expected the second half of 2001 to be a period of slow economic growth or even recession, the national economic slowdown became more pronounced last July and August. The weakening economy and slower revenue growth caused Governor Holden to take \$323.8 million in budget actions in August. It appeared that these actions coupled with an improving economy would restore stability to the state budget. Unfortunately, this optimism was dramatically altered by the tragic events of September 11<sup>th</sup>. Among the numerous consequences of the terrorist attacks that day was a substantial decline in economic activity and in the economic outlook. Most economists believe the September 11<sup>th</sup> attacks caused the U.S. economy to fall into a deeper, more protracted downturn than would have otherwise taken place. The sharp deterioration in economic performance and outlook forced the Governor to once again reduce state spending. Budget actions of \$212.2 million were announced in mid-December.

## THE ECONOMIC OUTLOOK

### U.S. Economy and Outlook

After ten consecutive years of real growth as measured by real Gross Domestic Product (GDP), the U.S. economy fell into a recession in 2001. For calendar year 2001, real GDP growth is expected to be up 1.0 percent overall, considerably slower growth than the 4.1 percent rate seen in 2000. The inflation rate, as measured by the Consumer Price Index, is

expected to rise 2.9 percent in 2002. This remains low by historical standards. With the economy weakening, the national unemployment rate is expected to be 4.8 percent for all of 2001 and rise to 6.0 percent in 2002.

The good news is that many leading forecasters, including Macroeconomic Advisers in St. Louis, expect the current recession to be relatively brief, with real GDP growth resuming in 2002. For Fiscal Years 2002 and 2003 the Macroeconomic Advisers forecast is for real GDP to grow 0.2 percent and 2.8 percent, respectively. The inflation rate is expected to be 2.1 percent and 2.3 percent in the two fiscal years. The U.S. unemployment rate is expected to hover around 5.5 percent over the forecast period. This combination of inflation and unemployment will produce a so-called misery index (inflation rate plus unemployment rate) of just under 8.0 percent. While this is an increase, it remains low by historical standards. From 1981 through 1992, the misery index averaged 11.7 percent. While the U.S. economy has weakened since September, recovery in 2002 is expected for the following reasons:

- The Federal Reserve has pursued expansionary monetary policy, lowering interest rates 11 times in 2001.
- The Federal Funds rate has declined from 6.5 percent in January 2001 to 1.75 percent last December.
- Federal fiscal policy has also been stimulative. In addition to the federal tax reductions put in place for 2001 last June, including the rebate sent to taxpayers last August, the federal government has appropriated \$40 billion in disaster relief and \$5 billion in aid to U.S. airlines since September 11<sup>th</sup>.
- Oil prices are expected to remain relatively low. The price of imported oil is forecast to be \$19.40 per barrel, down from the \$25 average seen in 2000 and 2001.
- The stock market has rebounded over the last four months. After falling to 8,062 in the wake of the September 11<sup>th</sup> events, the Dow Jones Industrial Average has been around the 10,000 level in recent weeks. This has restored a degree of household wealth and consumer confidence.

In summary, the U.S. economy is under strain, but improvement over the next 18 months seems probable. It should be emphasized that this economic outlook assumes that there are no more significant terrorist attacks against the United States or its interests and that the federal government does not institute measures to stimulate the economy that negatively impact state revenue collections.

<b>ECONOMIC PROJECTIONS</b>		
	<b>Increase</b>	
<u><b>U.S.</b></u>	<u><b>FY 2002</b></u>	<u><b>FY 2003</b></u>
<b>Real GDP</b>	<b>0.2%</b>	<b>2.8%</b>
<b>Consumer Prices</b>	<b>2.1%</b>	<b>2.3%</b>
<b>Consumption Expenditures</b>	<b>2.6%</b>	<b>4.5%</b>
<b>Corporate Profits</b>	<b>-16.4%</b>	<b>4.8%</b>
<u><b>MISSOURI</b></u>		
<b>Total Employment</b>	<b>0.7%</b>	<b>0.8%</b>
<b>Increase in Personal Income</b>	<b>3.2%</b>	<b>4.2%</b>

### The Missouri Economy and Outlook

As was the case with the national economy, the Missouri economy began to weaken during the first half of 2001 and subsequently was further hurt by the September 11<sup>th</sup> events.

The Missouri unemployment rate in January 2001 stood at 3.7 percent. By December, the seasonally adjusted unemployment rate rose to 4.7 percent. This was a loss of over 46,000 jobs, which included about 25,000 in the crucial manufacturing sector. The sagging economy has also depressed the rate of growth in Missouri Personal Income. After growing by 4.4 percent and 6.0 percent in Fiscal Years 2000 and 2001, respectively, growth of only 3.2 percent is expected in Fiscal Year 2002.

In addition to the weakness seen in these statistics, the Missouri Purchasing Managers Index for December stood at 38.5. This index purports to predict the direction of the state economy. This index has been below 50 for most of 2001, which implies a sluggish economy for the next three to six months.

On January 11, 2002 the Ford Motor Company announced plans to close its assembly plant in St. Louis County by mid-decade. This move will result in the direct loss of 2,640 jobs.

While the Missouri economy is under strain, a modest rebound is expected. The state economy remains diverse with strong presence in health care services, agriculture, as well as the travel and leisure industry. Indeed, employment in health care services has grown from 192,700 in 1990 to 236,800 in 2001. Missouri maintains a very favorable business tax climate evidenced by Missouri's ranking 44<sup>th</sup> of 44 states that levy a corporate income tax in per capita corporate income tax. As the U.S. economy rebounds, growth in the Missouri economy will likely resume.

### REVENUE ESTIMATES FOR FISCAL YEARS 2001 AND 2002

Forecasting revenues is an inherently difficult task, particularly during periods of economic transition and with much uncertainty abroad. Cooperation between the Governor and legislative leaders also remains critical for sound state budget policy. Governor Holden has worked cooperatively with House and Senate leaders to develop a consensus revenue estimate.

The revised Fiscal Year 2002 revenue estimate projects 0.8 percent gross collection growth and -0.6 percent net. The Fiscal Year 2003 revenue estimate projects 2.3 percent net growth over the Fiscal Year 2002 revised consensus revenue estimate.

### Revenue Limitation Amendment

Calculations made pursuant to Article X of the Missouri Constitution show that total state revenues for Fiscal Year 2001 were below the total state revenue limit by \$447 million. The Office of Administration projects that total state revenues will not exceed the total state revenue limit in Fiscal Year 2002 or Fiscal Year 2003. These preliminary calculations are subject to change as actual revenue collections become known and as the federal government revises its estimates of Missouri personal income. In addition, the recent volatility in the stock market, if continued, could have an impact on this projection. The calculations project that total state revenues will be approximately \$807 million below the Article X revenue limit and \$893 million below the Article X refund limit in Fiscal Year 2002. It is estimated that total state revenues will be \$1.412 billion below the Article X revenue limit and \$1.518 billion below the

Article X refund limit in Fiscal Year 2007.

As measured by the state's revenue limit, in Fiscal Year 2002 Missourians are projected to send less of their personal income to state government than at any time since enactment of the limit in 1980. As the federal tax cut phases-in over the next few years and reduces state revenue growth, Missouri's Total State Revenues as a percentage of personal income will continue to fall significantly.

## FISCAL YEAR 2002 CAPITAL IMPROVEMENTS BUDGET

Missouri uses a biennial appropriations process for capital improvements. This approach recognizes that most capital improvement projects take two or more years to complete, since significant advance time is required for technical design and the competitive bidding process before actual construction can begin. During the second year of the biennium, funding is provided for critical projects that were not envisioned when the biennial budget was adopted, for completion of projects begun in prior years, and for use of one-time revenues that become available for major infrastructure improvements. The very difficult financial circumstances faced by the state limits the Fiscal Year 2003 capital improvement budget to the following items:

- \$30 million in revenue bonds to construct a new state health laboratory.
- \$5.3 million in federal funds for planning, design, and construction of a new armory in the southern portion of the Kansas City metropolitan area.
- \$540,000 in federal funds for planning and design of seven new community corrections centers.

## FISCAL YEAR 2003 COMPENSATION PLAN

To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. State employee compensation policy is faced with two problems. First, state employee salaries are on average 13.8 percent below the market rate. The table below shows how employee salaries compare to the market based on various surveys and indexes.

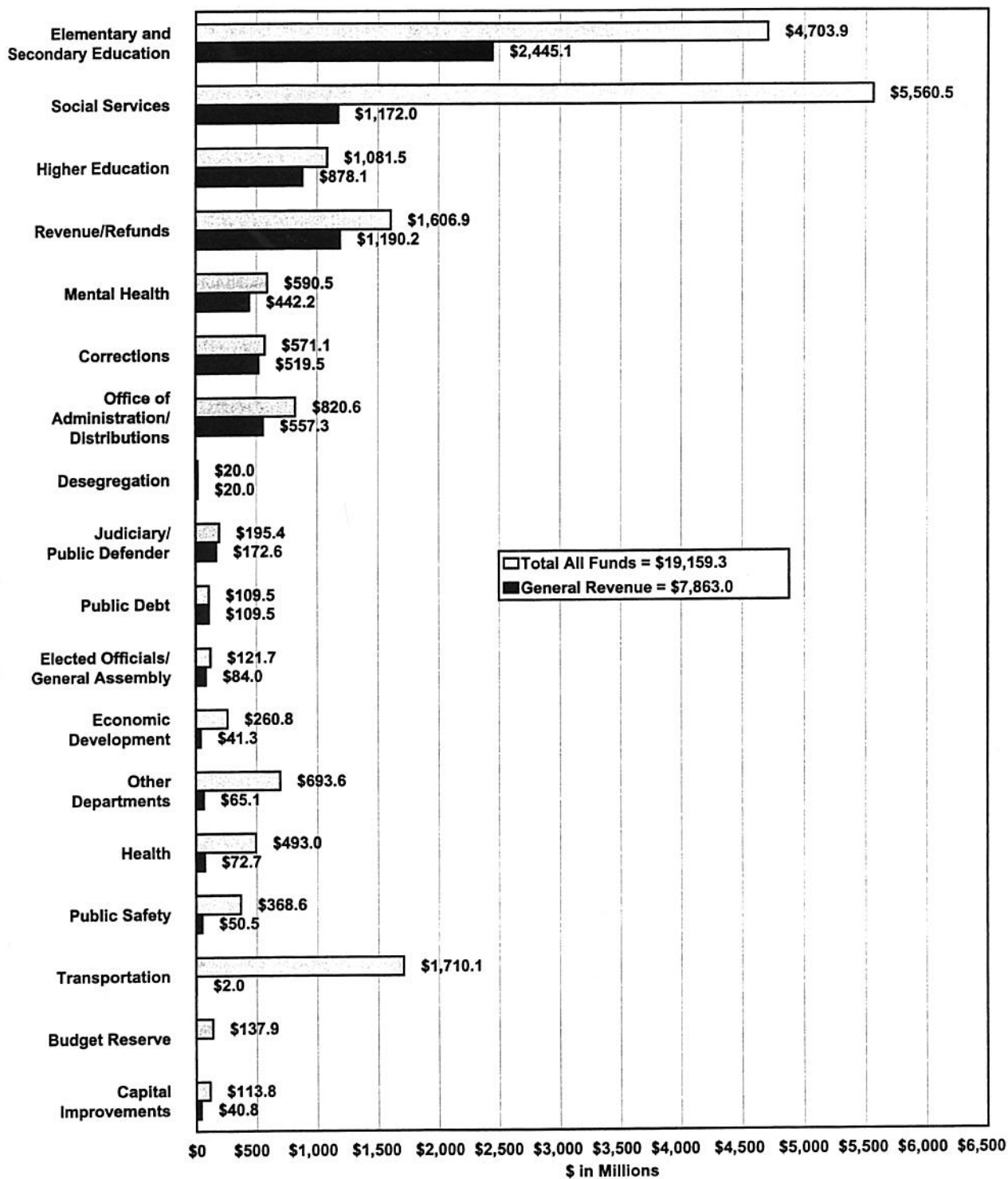
Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20-25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. Governor Holden is committed, with available funds, to providing fair and equitable compensation in state government to reward and retain productive employees. Although in Fiscal Year 2003 state revenue growth will not be sufficient to support a general compensation increase for state employees, a significant increase for employees' health care benefits is recommended by the Governor.

- \$18.5 million, including \$12.9 million general revenue to continue the current state subsidy level for employee health care benefits through calendar year 2002.
- \$3.1 million general revenue to fund the start of Senate Concurrent Resolution 27 (2001), basing the state contribution toward retiree health care premiums on an employee's length of service with the state. This tenure-based subsidy policy is meant to add value to the current benefits package and to encourage employees to continue in state employment with a career goal of 30 years of state service.
- \$5.6 million, including \$3.9 million general revenue to set up a reserve for a self-insured HMO plan for certain areas of the state that aren't well served under existing contracts.

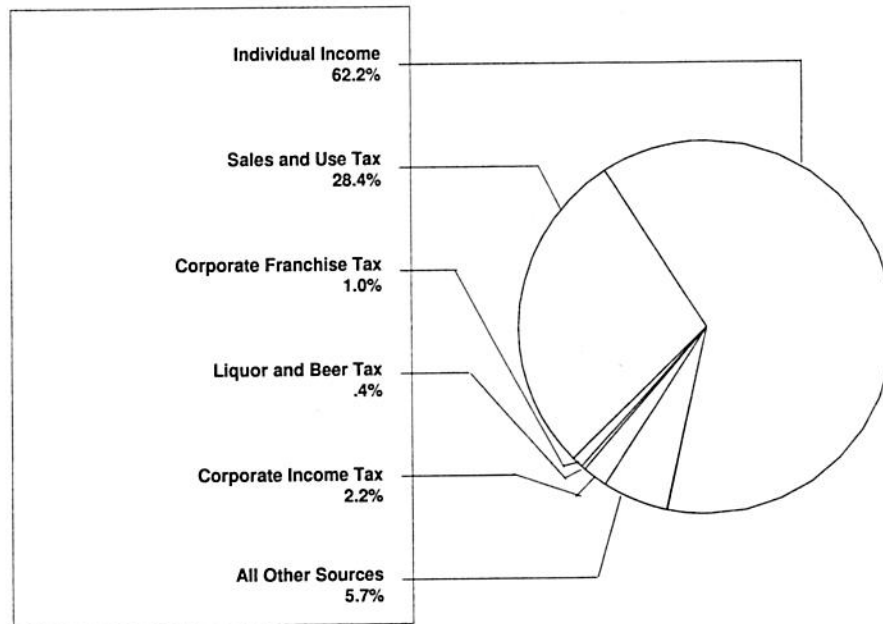
<u>Survey/Index of Comparison</u>	<u>Cumulative Growth since July 1990</u>
American Compensation Assoc. Survey of Compensation	56.0 percent
Employment Cost Index	46.9 percent
Consumer Price Index	36.1 percent
State Employees - Uniform Classification and Pay System	40.0 percent



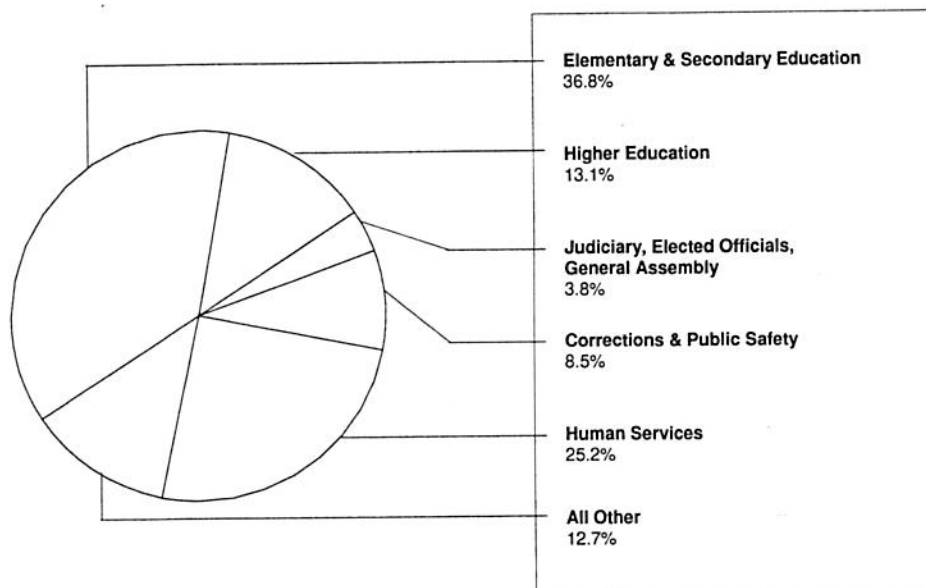
## FY 2003 BUDGET RECOMMENDATIONS AND DESEGREGATION



**REVENUES**  
**GENERAL REVENUE RECEIPTS AND TRANSFERS**  
**FISCAL YEAR 2003**

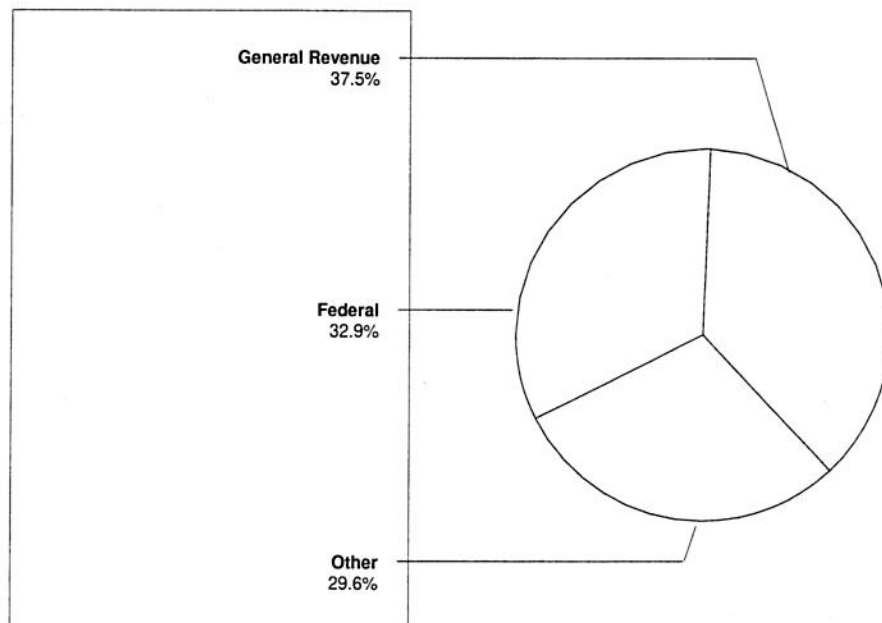


**EXPENDITURES\***  
**GENERAL REVENUE OPERATING BUDGET**  
**FISCAL YEAR 2003**

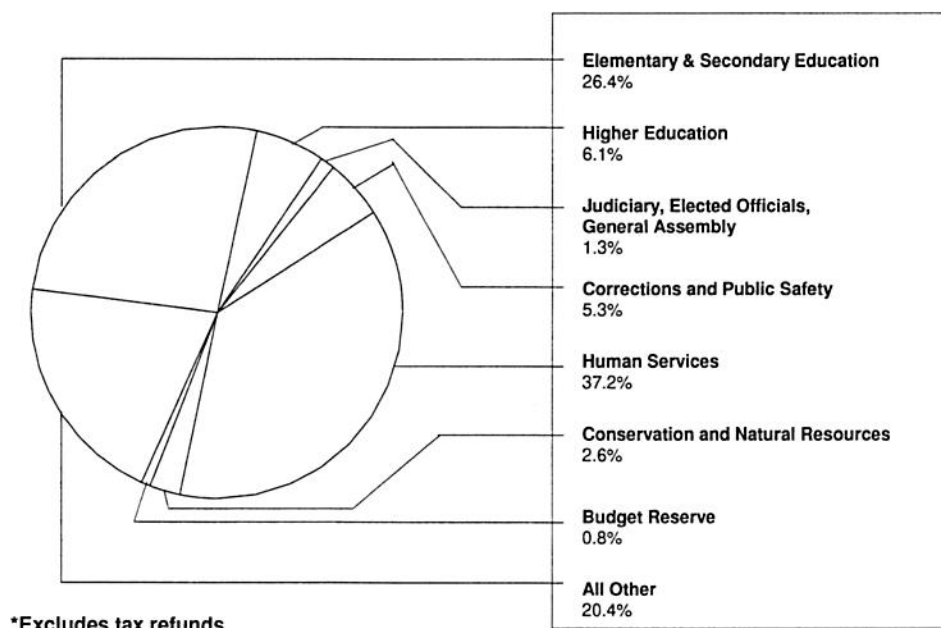


\*Excludes tax refunds

**TOTAL STATE OPERATING BUDGET  
SOURCES OF FUNDS\*  
FISCAL YEAR 2003**



**EXPENDITURES\*  
ALL FUNDS OPERATING BUDGET  
FISCAL YEAR 2003**



\*Excludes tax refunds

## GENERAL REVENUE RECEIPTS AND ESTIMATES

	Receipts FY 2001	Estimated FY 2002	Estimated FY 2003
<b><u>Collections</u></b>			
Individual Income Tax	\$ 4,241,749,688	\$ 4,277,100,000	\$ 4,457,700,000
Sales and Use Tax	1,808,809,285	1,840,200,000	1,949,600,000
Corporate Income Tax	297,853,052	295,100,000	298,600,000
County Foreign Insurance Tax	138,764,124	143,800,000	148,700,000
Liquor Tax	20,976,034	21,000,000	21,000,000
Beer Tax	8,120,855	8,200,000	8,400,000
Corporate Franchise Tax	73,737,835	74,400,000	76,300,000
Inheritance/Estate Tax	156,818,849	148,000,000	114,000,000
Interest on Deposits and Investments	57,822,570	48,500,000	50,000,000
Federal Reimbursements	72,785,612	73,500,000	74,600,000
All Other Sources	155,229,206	115,000,000	109,000,000
Subtotal General Revenue Collections	7,032,667,110	7,044,800,000	7,307,900,000
Outstanding Schools - Individual Income Tax	340,900,000	349,400,000	366,900,000
Outstanding Schools - Corporate Income Tax	66,200,000	54,200,000	54,400,000
Subtotal Outstanding Schools Collections	407,100,000	403,600,000	421,300,000
Total General Revenue Collections	\$ 7,439,767,110	\$ 7,448,400,000	\$ 7,729,200,000
Refunds	(1,001,177,716)	(1,118,500,000)	(1,110,600,000)
Net General Revenue Collections	\$ 6,438,589,394	\$ 6,329,900,000	\$ 6,618,600,000
<b><u>Transfers</u></b>			
Regular transfers	74,196,603	64,900,000	55,000,000
Article X repayments	16,926,543	0	1,031,594
Budget Reserve Fund	11,098,981	0	0
Healthy Families Trust Fund	126,900,000	177,800,000	42,000,000
Other funds for central services	0	30,000,000	30,000,000
Total Transfers	229,122,127	272,700,000	128,031,594
Total Net General Revenue Collections and Transfers	\$ 6,667,711,521	\$ 6,602,600,000	\$ 6,746,631,594

Note: Fiscal Year 2003 consensus revenue estimate has been adjusted by \$49.9 million in revenue initiatives proposed to help fund the state's Foundation Formula for K-12 education.



# THE MISSOURI BUDGET

## GENERAL REVENUE SUMMARY

### RESOURCES

	FY 2001	FY 2002	FY 2003
Beginning Balance	\$ 33,374,007	\$ 43,611,285	\$ 9,713,509
Previous Year's Lapse (1)	136,390,435	65,551,499	86,008,892
Revenue Collections (2)	7,032,667,110	7,044,800,000	7,307,900,000
Outstanding Schools Collections (3)	407,100,000	403,600,000	421,300,000
Transfers to Fund (4)	102,222,127	94,900,000	86,031,594
Transfer from Healthy Families Trust Fund (5)	126,900,000	177,800,000	42,000,000
Total Resources Available	\$ 7,838,653,679	\$ 7,830,262,784	\$ 7,952,953,995

### OBLIGATIONS

Operating Appropriations (6)	\$ 6,276,483,010	\$ 6,520,742,745	\$ 6,270,207,752
Refunds (7)	1,001,177,716	1,118,500,000	1,110,600,000
Capital Improvements Appropriations (8)	191,201,662	36,381,658	40,846,243
Confirmed lapse/withholdings	(215,423,856)	(383,375,128)	0
Outstanding Schools Transfer (3)	416,500,000	451,300,000	421,300,000
Supplementals/Increased Estimateds	63,687,310	45,000,000	90,000,000
Desegregation - St. Louis	50,000,000	20,000,000	20,000,000
Adjustments	11,416,552	12,000,000	0
Total Obligations	7,795,042,394	7,820,549,275	7,952,953,995
Ending Balance	\$ 43,611,285	\$ 9,713,509	\$ 0

### NOTES TO GENERAL REVENUE SUMMARY

- (1) Unexpended appropriations are counted as a resource in the next fiscal year to avoid premature commitment of uncertain resources until actual lapses are known.
- (2) Consensus revenue growth rates for net revenue collections (after deducting refunds and adjusting for tobacco settlement proceeds used to pay for the prescription drug tax credit) are FY 2002, (0.6%); FY 2003, 2.3%.
- (3) The Outstanding Schools Act established additional revenues for education finance. An additional \$50 million was redirected to education reforms beginning in FY 1994.
- (4) Transfers to fund do not include cash flow loan repayments.
- (5) Transfer necessary from the Healthy Families Trust Fund (tobacco settlement payments) to pay for the cost of the prescription drug tax credit. The FY 2001 amount includes amounts above the original \$20 estimate for FY 2000 (\$61.9 million) and FY 2001 (\$65 million). The FY 2002 amount is the full cost of the prescription drug tax credit for that year (\$89.3 million) and other funds transferred to ensure a balanced budget (\$88.5 million). The FY 2003 amount reflects ongoing transfer of funds to general revenue.
- (6) Operating Appropriations for FY 2003 include a base of \$5,937.3 million, \$332.9 million in critical cost increases. Does not include cash flow loans.
- (7) Refunds reflect actual for FY 2001; the revised consensus estimate for FY 2002; and the consensus estimate for FY 2003.
- (8) FY 2001 includes \$35,942,508 approved in the biennial capital improvements bill and \$155,259,154 approved in the FY 2001 capital improvements bill.

**THE MISSOURI BUDGET**

**FY 2003 OPERATING AND CAPITAL BUDGET SUMMARY**

<u>House Bill</u>	<u>FY 2001 Expenditure</u>	<u>FY 2002 Appropriation</u>	<u>Governor's Recommendation FY 2003</u>
<b>1    <u>Public Debt</u></b>			
General Revenue	\$ 100,246,281	\$ 110,063,279	\$ 109,474,939
Federal Funds	0	0	0
Other Funds	0	0	0
Total	<u>\$ 100,246,281</u>	<u>\$ 110,063,279</u>	<u>\$ 109,474,939</u>
<b>2    <u>Elementary and Secondary Education</u></b>			
General Revenue	\$ 2,373,336,192	\$ 2,452,741,627	\$ 2,465,133,041
Federal Funds	536,552,395	783,638,904	872,288,296
Other Funds	1,149,018,443	1,199,854,698	1,386,481,788
Total	<u>\$ 4,058,907,030</u>	<u>\$ 4,436,235,229</u>	<u>\$ 4,723,903,125</u>
<b>3    <u>Higher Education</u></b>			
General Revenue	\$ 925,407,395	\$ 975,672,485	\$ 878,064,141
Federal Funds	2,000,327	4,305,047	4,740,638
Other Funds	131,538,824	173,920,490	198,663,394
Total	<u>\$ 1,058,946,546</u>	<u>\$ 1,153,898,022</u>	<u>\$ 1,081,468,173</u>
<b>4    <u>Revenue</u></b>			
General Revenue	\$ 1,073,674,453	\$ 1,141,049,833	\$ 1,190,156,129
Federal Funds	173,164	2,530,953	3,479,453
Other Funds	376,482,391	412,896,200	413,247,493
Total	<u>\$ 1,450,330,008</u>	<u>\$ 1,556,476,986</u>	<u>\$ 1,606,883,075</u>
<b>4    <u>Transportation</u></b>			
General Revenue	\$ 16,483,238	\$ 17,230,184	\$ 1,957,858
Federal Funds	27,917,595	36,261,496	35,922,296
Other Funds	1,445,101,154	2,139,873,319	1,672,193,801
Total	<u>\$ 1,489,501,987</u>	<u>\$ 2,193,364,999</u>	<u>\$ 1,710,073,955</u>
<b>5    <u>Office of Administration</u></b>			
General Revenue	\$ 504,047,658	\$ 557,402,226	\$ 557,341,761
Federal Funds	100,004,219	108,815,728	124,152,301
Other Funds	115,911,958	185,741,120	139,106,461
Total	<u>\$ 719,963,835</u>	<u>\$ 851,959,074</u>	<u>\$ 820,600,523</u>
<b>6    <u>Agriculture</u></b>			
General Revenue	\$ 13,346,489	\$ 15,333,314	\$ 16,336,108
Federal Funds	799,298	1,656,235	3,142,521
Other Funds	9,159,086	16,065,634	14,299,730
Total	<u>\$ 23,304,873</u>	<u>\$ 33,055,183</u>	<u>\$ 33,778,359</u>

**THE MISSOURI BUDGET**

<u>House Bill</u>		<u>FY 2001 Expenditure</u>	<u>FY 2002 Appropriation</u>	<u>Governor's Recommendation FY 2003</u>
<b>6</b>	<b><u>Natural Resources</u></b>			
	General Revenue	\$ 17,848,487	\$ 21,857,014	\$ 16,093,644
	Federal Funds	25,360,220	37,016,124	40,538,375
	Other Funds	113,959,498	280,274,621	281,109,033
	Total	\$ 157,168,205	\$ 339,147,759	\$ 337,741,052
<b>6</b>	<b><u>Conservation</u></b>			
	General Revenue	\$ 0	\$ 0	\$ 0
	Federal Funds	0	0	0
	Other Funds	110,625,250	125,071,345	125,071,345
	Total	\$ 110,625,250	\$ 125,071,345	\$ 125,071,345
<b>7</b>	<b><u>Economic Development</u></b>			
	General Revenue	\$ 63,834,967	\$ 63,581,724	\$ 41,338,957
	Federal Funds	103,517,728	142,648,833	142,574,975
	Other Funds	52,260,744	76,019,189	76,889,115
	Total	\$ 219,613,439	\$ 282,249,746	\$ 260,803,047
<b>7</b>	<b><u>Insurance</u></b>			
	General Revenue	\$ 0	\$ 0	\$ 0
	Federal Funds	357,316	400,000	450,000
	Other Funds	12,070,445	13,420,847	13,893,680
	Total	\$ 12,427,761	\$ 13,820,847	\$ 14,343,680
<b>7</b>	<b><u>Labor and Industrial Relations</u></b>			
	General Revenue	\$ 4,927,603	\$ 4,958,418	\$ 4,384,966
	Federal Funds	45,661,804	67,875,663	67,397,547
	Other Funds	53,371,955	51,040,384	58,076,101
	Total	\$ 103,961,362	\$ 123,874,465	\$ 129,858,614
<b>8</b>	<b><u>Public Safety</u></b>			
	General Revenue	\$ 48,871,907	\$ 50,879,612	\$ 50,535,258
	Federal Funds	57,710,500	85,140,636	106,239,188
	Other Funds	178,751,849	203,686,861	211,861,542
	Total	\$ 285,334,256	\$ 339,707,109	\$ 368,635,988
<b>9</b>	<b><u>Corrections</u></b>			
	General Revenue	\$ 419,775,315	\$ 482,507,741	\$ 519,488,185
	Federal Funds	4,434,593	6,660,949	10,494,829
	Other Funds	30,919,178	42,827,457	41,099,061
	Total	\$ 455,129,086	\$ 531,996,147	\$ 571,082,075
<b>10</b>	<b><u>Mental Health</u></b>			
	General Revenue	\$ 529,475,432	\$ 561,040,472	\$ 442,243,626
	Federal Funds	78,366,142	109,865,253	121,115,146
	Other Funds	19,662,106	27,375,600	27,125,600
	Total	\$ 627,503,680	\$ 698,281,325	\$ 590,484,372



**THE MISSOURI BUDGET**

<b>House Bill</b>	<b>FY 2001 Expenditure</b>	<b>FY 2002 Appropriation</b>	<b>Governor's Recommendation FY 2003</b>
<b>10    <u>Health</u></b>			
General Revenue	\$ 92,030,539	\$ 103,757,662	\$ 72,722,443
Federal Funds	231,519,879	302,148,677	296,828,656
Other Funds	15,407,000	77,423,016	123,443,500
Total	<u>\$ 338,957,418</u>	<u>\$ 483,329,355</u>	<u>\$ 492,994,599</u>
<b>11    <u>Social Services</u></b>			
General Revenue	\$ 1,076,524,476	\$ 1,217,257,640	\$ 1,172,013,031
Federal Funds	3,436,133,135	3,793,162,492	4,009,366,770
Other Funds	408,030,999	648,355,024	379,157,183
Total	<u>\$ 4,920,688,610</u>	<u>\$ 5,658,775,156</u>	<u>\$ 5,560,536,984</u>
<b>12    <u>Elected Officials</u></b>			
General Revenue	\$ 45,530,594	\$ 45,659,524	\$ 47,326,468
Federal Funds	3,660,740	6,731,230	6,721,456
Other Funds	20,370,519	16,162,254	30,331,911
Total	<u>\$ 69,561,853</u>	<u>\$ 68,553,008</u>	<u>\$ 84,379,835</u>
<b>12    <u>Judiciary</u></b>			
General Revenue	\$ 143,690,464	\$ 144,150,056	\$ 142,787,667
Federal Funds	5,217,333	12,165,612	15,488,232
Other Funds	2,955,854	5,735,723	5,935,724
Total	<u>\$ 151,863,651</u>	<u>\$ 162,051,391</u>	<u>\$ 164,211,623</u>
<b>12    <u>Public Defender</u></b>			
General Revenue	\$ 26,920,525	\$ 29,808,922	\$ 29,808,922
Federal Funds	0	125,000	125,000
Other Funds	1,129,452	1,214,534	1,214,534
Total	<u>\$ 28,049,977</u>	<u>\$ 31,148,456</u>	<u>\$ 31,148,456</u>
<b>12    <u>General Assembly</u></b>			
General Revenue	\$ 32,457,072	\$ 36,651,083	\$ 36,651,083
Federal Funds	0	0	0
Other Funds	210,929	620,800	620,800
Total	<u>\$ 32,668,001</u>	<u>\$ 37,271,883</u>	<u>\$ 37,271,883</u>
<b>13    <u>Statewide Leasing</u></b>			
General Revenue	\$ 22,953,326	\$ 28,739,929	\$ 28,249,525
Federal Funds	13,326,581	17,761,653	17,720,754
Other Funds	5,183,930	6,576,442	6,880,739
Total	<u>\$ 41,463,837</u>	<u>\$ 53,078,024</u>	<u>\$ 52,851,018</u>
<b>14    <u>Budget Reserve Fund</u></b>			
General Revenue	\$ 0	\$ 0	\$ 0
Federal Funds	0	0	1,407,012
Other Funds	0	0	136,525,000
Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 137,932,012</u>



**THE MISSOURI BUDGET**

<u>House Bill</u>	<u>FY 2001 Expenditure</u>	<u>FY 2002 Appropriation</u>	<u>Governor's Recommendation FY 2003</u>
<b>15</b>	<b><u>Supplemental Recommendations</u></b>		
General Revenue		\$ 10,272,358	
Federal Funds		111,477,648	
Other Funds		28,633,123	
Total		\$ 150,383,129	
	<b><u>Total Operating Budget</u></b>		
General Revenue	\$ 7,531,382,413	\$ 8,070,615,103	\$ 7,822,107,752
Federal Funds	4,672,712,969	5,630,388,133	5,880,193,445
Other Funds	4,252,121,564	5,732,788,681	5,343,227,535
Total	\$ 16,456,216,946	\$ 19,433,791,917	\$ 19,045,528,732
<b>18</b>	<b><u>Capital Improvements - Maintenance and Repair</u></b>		
General Revenue	\$ 23,979,946	\$ 29,665,363	\$ 40,646,243
Federal Funds	1,729,620	1,808,115	1,948,867
Other Funds	4,071,721	9,140,614	6,769,052
Total	\$ 29,781,287	\$ 40,614,092	\$ 49,364,162
<b>19</b>	<b><u>Capital Improvements - Construction</u></b>		
General Revenue	\$ 11,962,562	\$ 6,716,295	\$ 200,000
Federal Funds	800,000	8,250,200	825,000
Other Funds	41,167,063	30,951,237	27,589,333
Total	\$ 53,929,625	\$ 45,917,732	\$ 28,614,333
<b>20</b>	<b><u>Capital Improvements - Construction and one-time uses</u></b>		
General Revenue	\$ 155,259,154	\$ 0	\$ 0
Federal Funds	0	0	5,807,643
Other Funds	6,190,224	0	30,000,000
Total	\$ 161,449,378	\$ 0	\$ 35,807,643
	<b><u>Total Capital Improvements Budget</u></b>		
General Revenue	\$ 191,201,662	\$ 36,381,658	\$ 40,846,243
Federal Funds	2,529,620	10,058,315	8,581,510
Other Funds	51,429,008	40,091,851	64,358,385
Total	\$ 245,160,290	\$ 86,531,824	\$ 113,786,138
<b>GRAND TOTAL</b>			
General Revenue	\$ 7,722,584,075	\$ 8,106,996,761	\$ 7,862,953,995
Federal Funds	4,675,242,589	5,640,446,448	5,888,774,955
Other Funds	4,303,550,572	5,772,880,532	5,407,585,920
Total	\$ 16,701,377,236	\$ 19,520,323,741	\$ 19,159,314,870

**SUPPLEMENTAL RECOMMENDATIONS  
FISCAL YEAR 2002**

	<u>GENERAL REVENUE</u>	<u>FEDERAL FUNDS</u>	<u>OTHER FUNDS</u>	<u>TOTAL</u>
Department of Elementary and Secondary Education	\$ 1,507,743	\$ 210,000	\$ 8,234,461	\$ 9,952,204
Department of Higher Education	0	278,900	100,000	378,900
Office of Administration	0	1	0	1
Department of Agriculture	0	736,633	0	736,633
Department of Natural Resources	825,000	1	0	825,001
Department of Economic Development	200,000	2,000,000	0	2,200,000
Department of Public Safety	0	125,001	12,967,165	13,092,166
Department of Corrections	5,500,000	2,700,000	0	8,200,000
Department of Mental Health	0	9,551,520	0	9,551,520
Department of Health	572,023	1	4,951,497	5,523,521
Department of Social Services	1,667,592	93,380,001	1,150,000	96,197,593
Elected Officials	0	0	1,230,000	1,230,000
Judiciary	0	2,495,590	0	2,495,590
<b>TOTAL HOUSE BILL 15</b>	<b>\$ 10,272,358</b>	<b>\$ 111,477,648</b>	<b>\$ 28,633,123</b>	<b>\$ 150,383,129</b>

# Managing for Results

Governor Holden is dedicated to managing state government to achieve the results Missourians expect. More than that, the Governor plans to move Missouri beyond today's expectations to a future that includes a high-performance educational system, safe and healthy families and individuals, and a 21st century, world class economy.

Governor Holden's business-like managing for results approach to state government is built on setting priorities, measuring success, driving better decisions to enhance success, and reporting on performance. This approach encourages fact-based decision making, innovation, and agencies working together to achieve common goals. Governor Holden is directing state agencies to make government programs more efficient and more responsive to the needs of the people they serve. A high level of achievement is expected.

The graphs on the following pages show where Missouri stands today on several key results. Missouri has been recognized as one of the best managed states in the nation, in part, because the state measures and reports on key results that indicate the well-being of the people who live and work in the state. Using this knowledge as a starting point, Governor Holden will work with citizens across the state to chart the course to a bright future for Missouri. Governor Holden's vision is that Missourians will be:

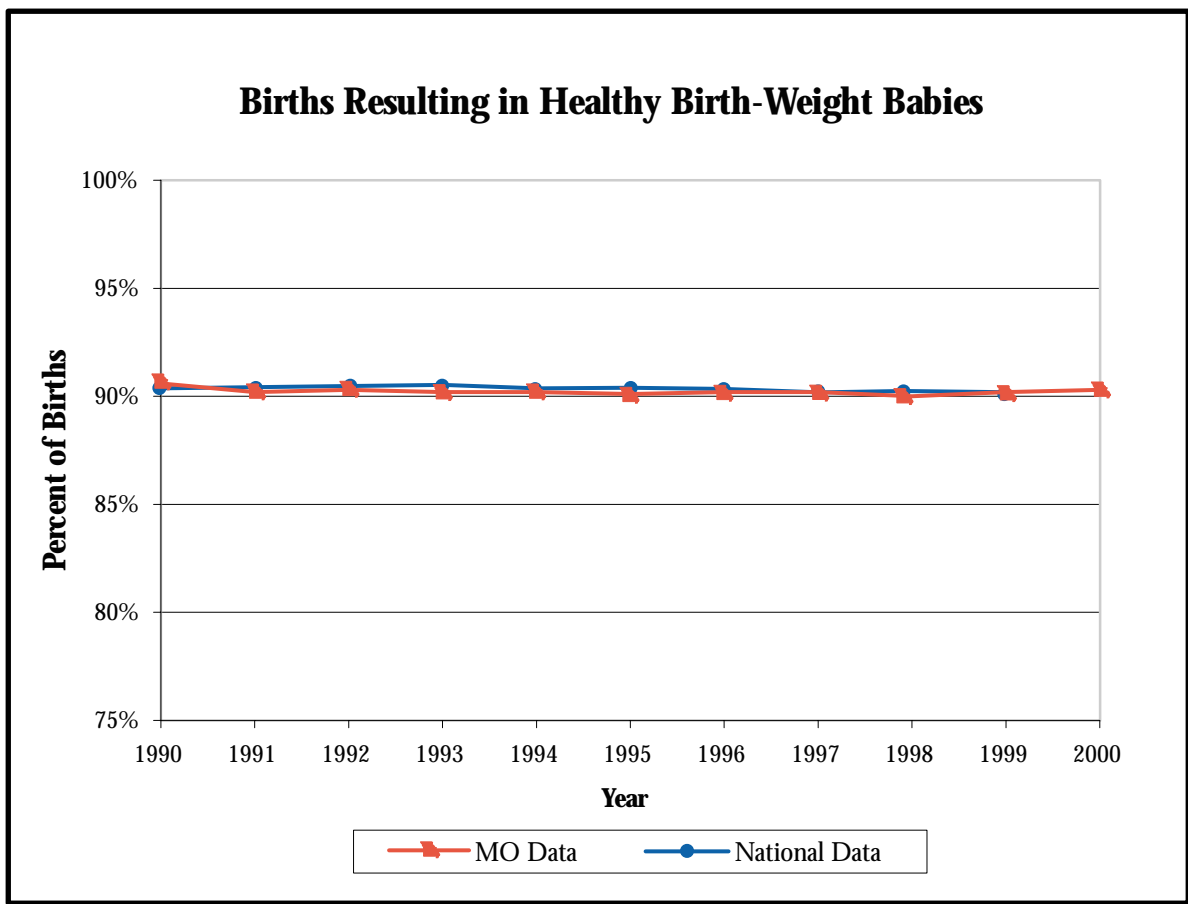
- Born Healthy and Enter School Ready to Learn;
- Succeed in School;
- Achieve Family, Financial, and Job Security;
- Enjoy a Long, Healthy Life; and
- Live in a Safe, Secure Missouri.

## **BORN HEALTHY AND ENTER SCHOOL READY TO LEARN**

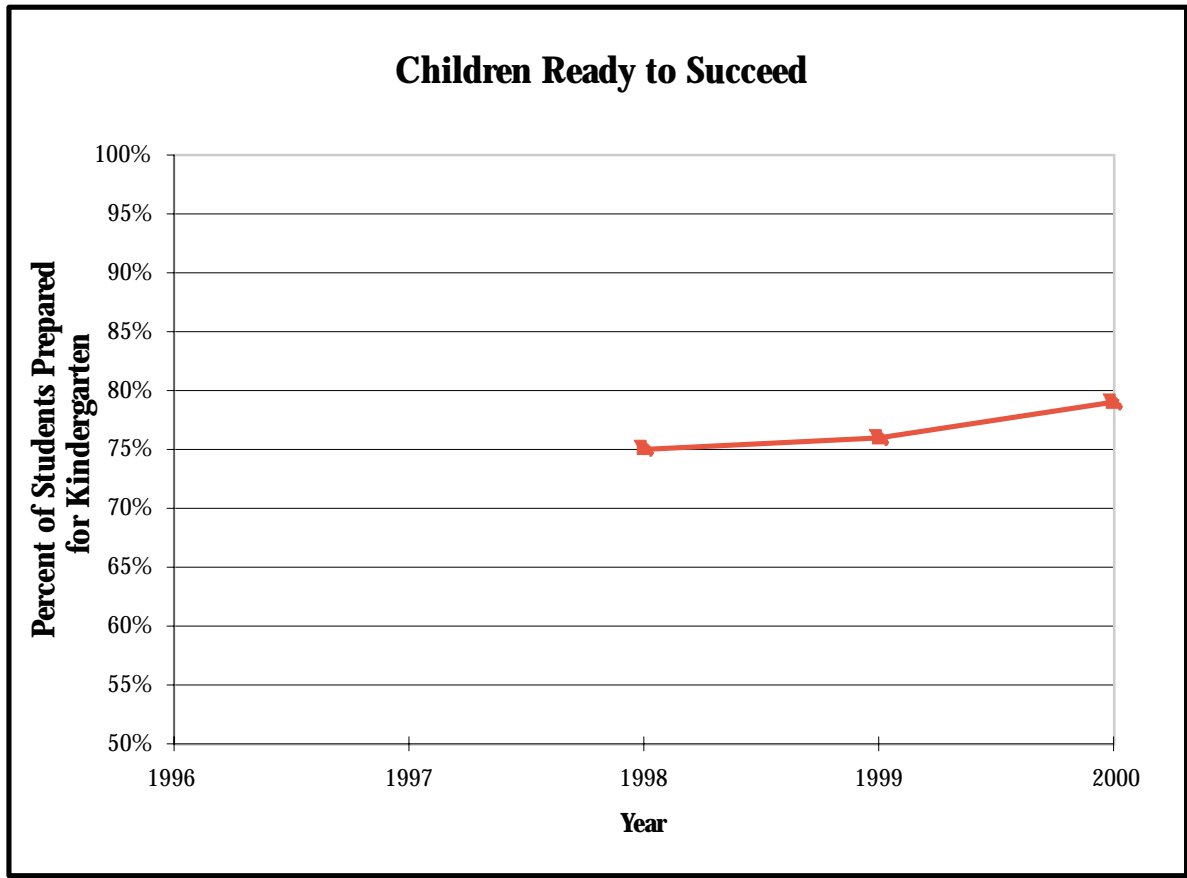
Governor Holden is committed to helping the state's most vulnerable citizens - its infants and small children. It is vital that Missouri children are born healthy and are provided with quality early childhood experiences which will prepare them to enter school ready to learn and succeed.

### **RESULT MEASURES**

Governor Holden is dedicated to increasing the health of Missouri's children. As can be seen in the following graph, over 90 percent of Missouri births resulted in healthy birth-weight babies in 2000. This percentage has remained consistent over the past ten years and mirrors the national trend.



Governor Holden believes that early childhood care and education programs are a critical prevention effort. If children enter school prepared to learn, they are much more likely to have success in the future. The following graph shows that in 2000, 79 percent of Missouri kindergartners were adequately prepared and ready to succeed. A new measurement system was developed for this result in 1998 in order to provide a statewide estimate of children's readiness for school.

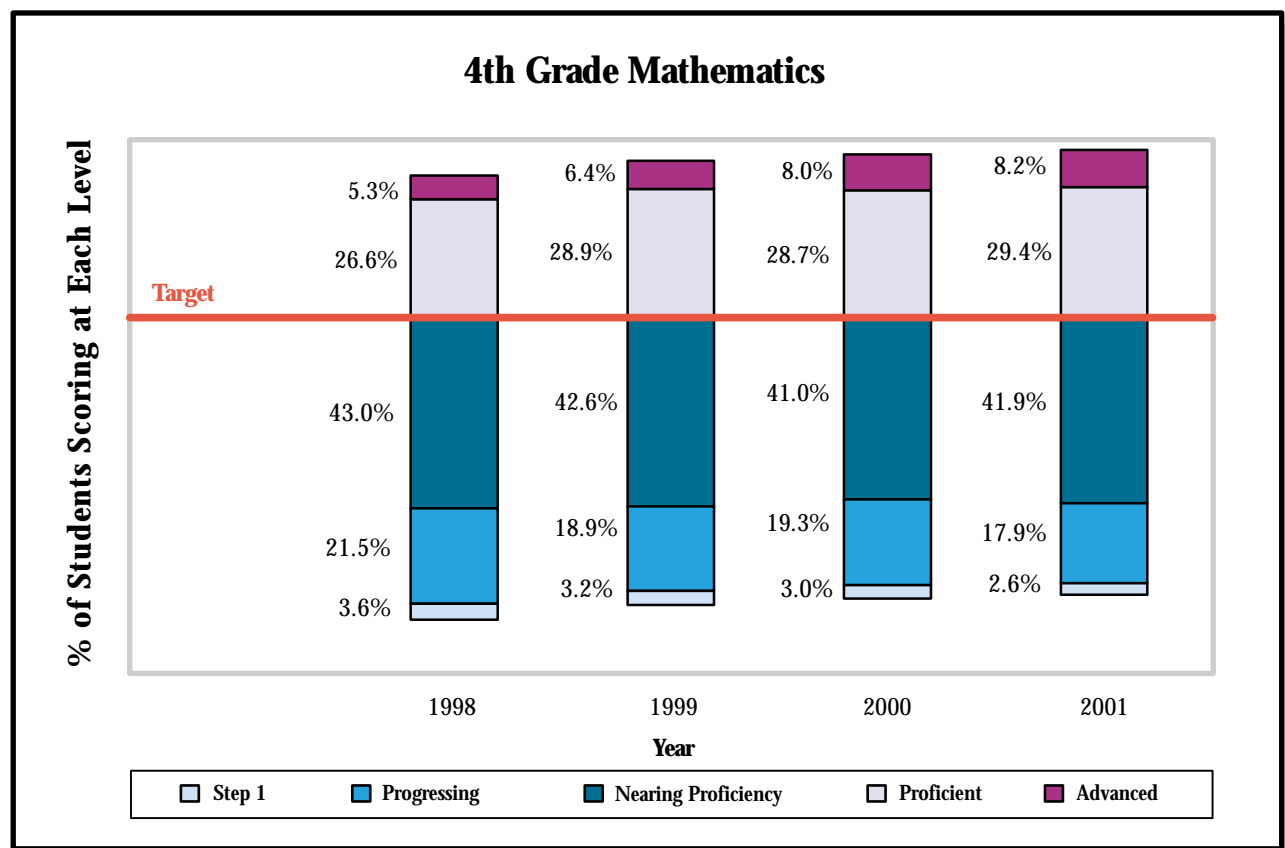


## SUCCEED IN SCHOOL

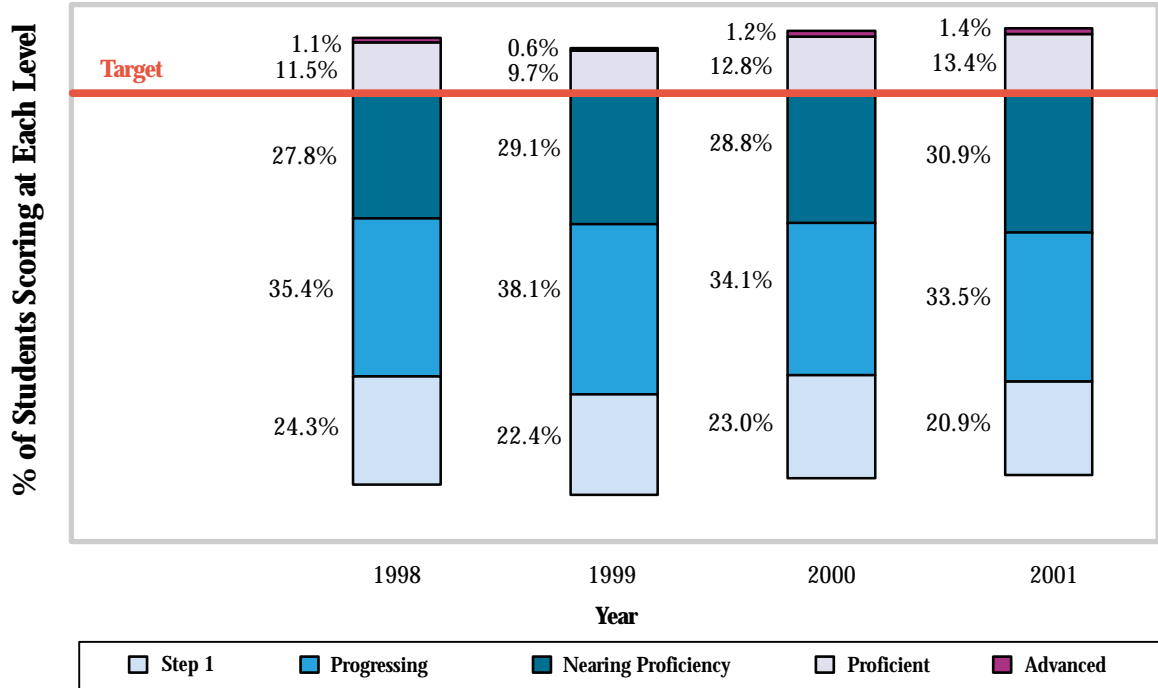
Governor Holden believes that a high-quality education is the key to success. To thrive in the 21<sup>st</sup> century, Missouri must have successful, well-educated students and workers with high skills. The Governor will work to ensure that Missouri's students achieve the knowledge and skills needed to graduate from high school and become successful adults.

### RESULT MEASURES

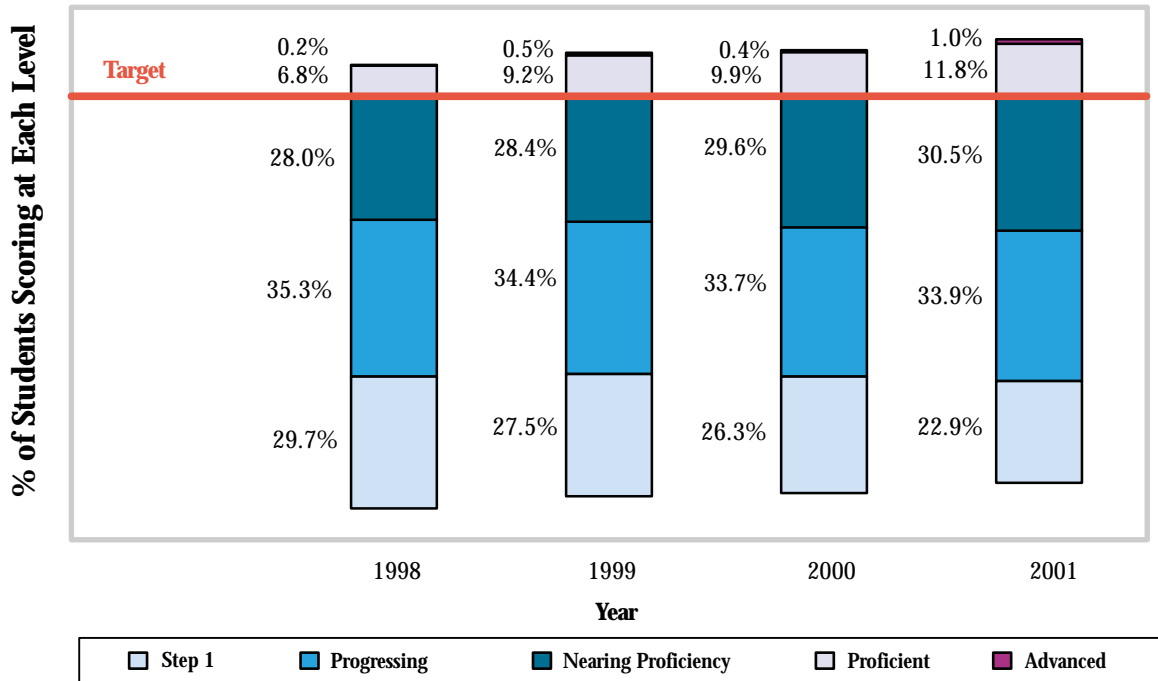
Students must have a strong foundation of knowledge and skills in basic subject areas *and* be able to apply what they know to real-world problems and new situations. Governor Holden understands that only by assessing how well elementary and secondary school students have learned vital skills, can real, substantive improvements be made. The following charts reflect achievements of 4<sup>th</sup>, 8<sup>th</sup>, and 10<sup>th</sup> graders in mathematics. Assessments have also been done on students' knowledge of science, communication arts, social studies, and health/physical education.



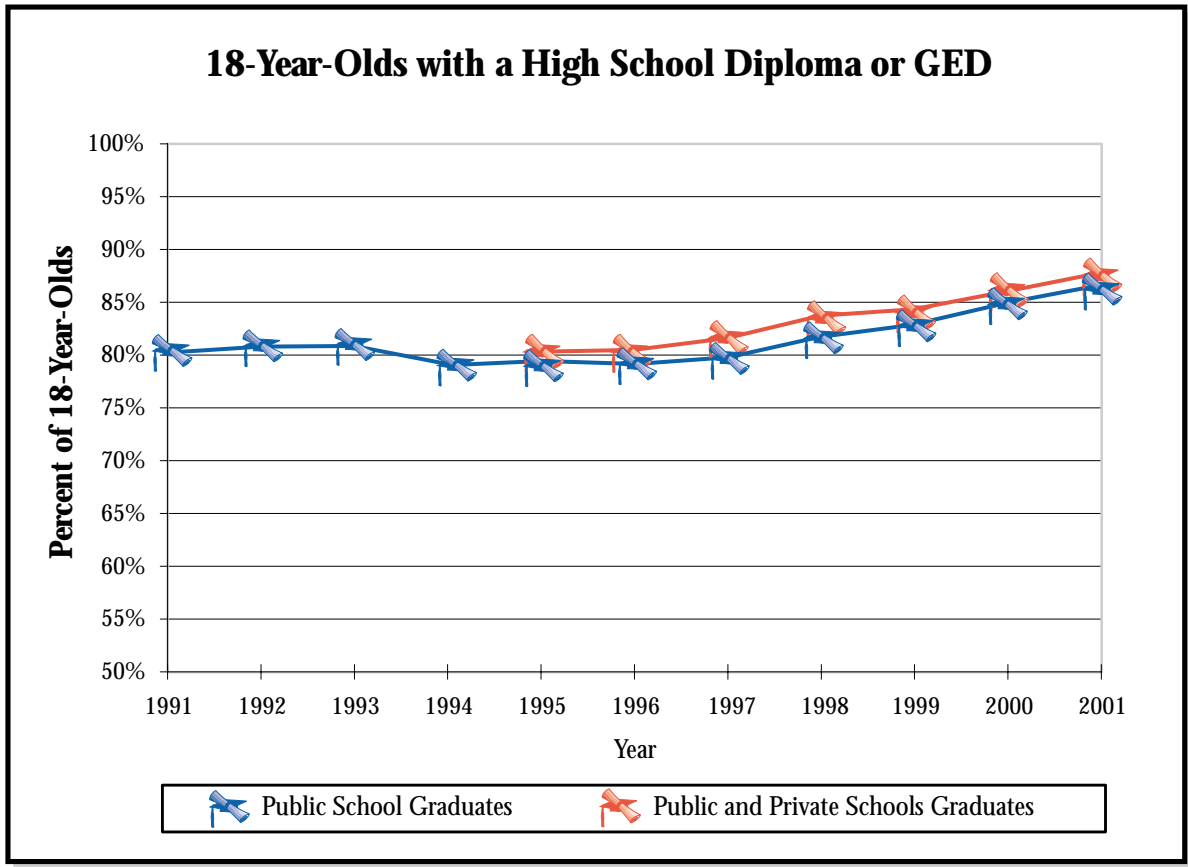
### 8th Grade Mathematics



### 10th Grade Mathematics



Governor Holden is committed to ensuring that Missouri's youth have completed their education and have attained the skills needed in today's competitive workplace. As can be seen in the following graph, in 2001, 87.5 percent of 18-year-olds had attained a high school diploma or GED.



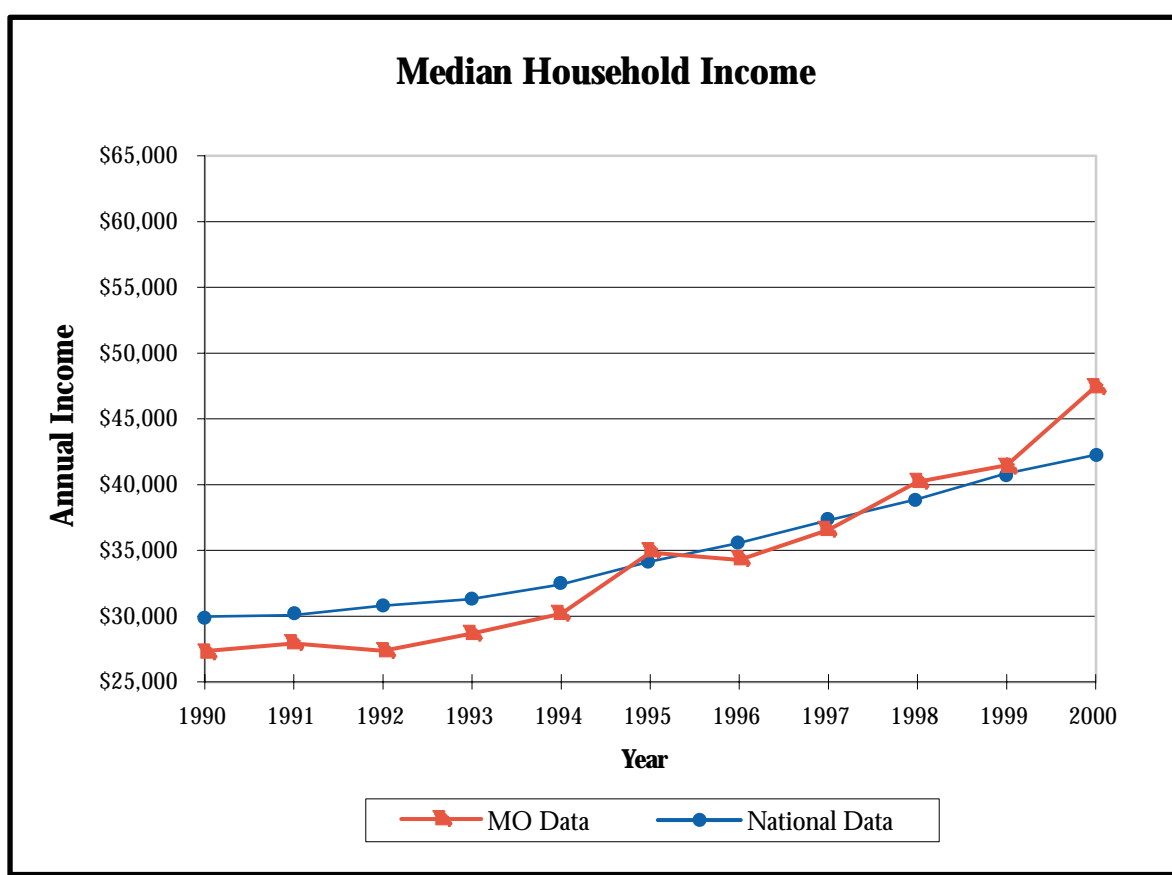


**ACHIEVE FAMILY, FINANCIAL, AND JOB SECURITY**

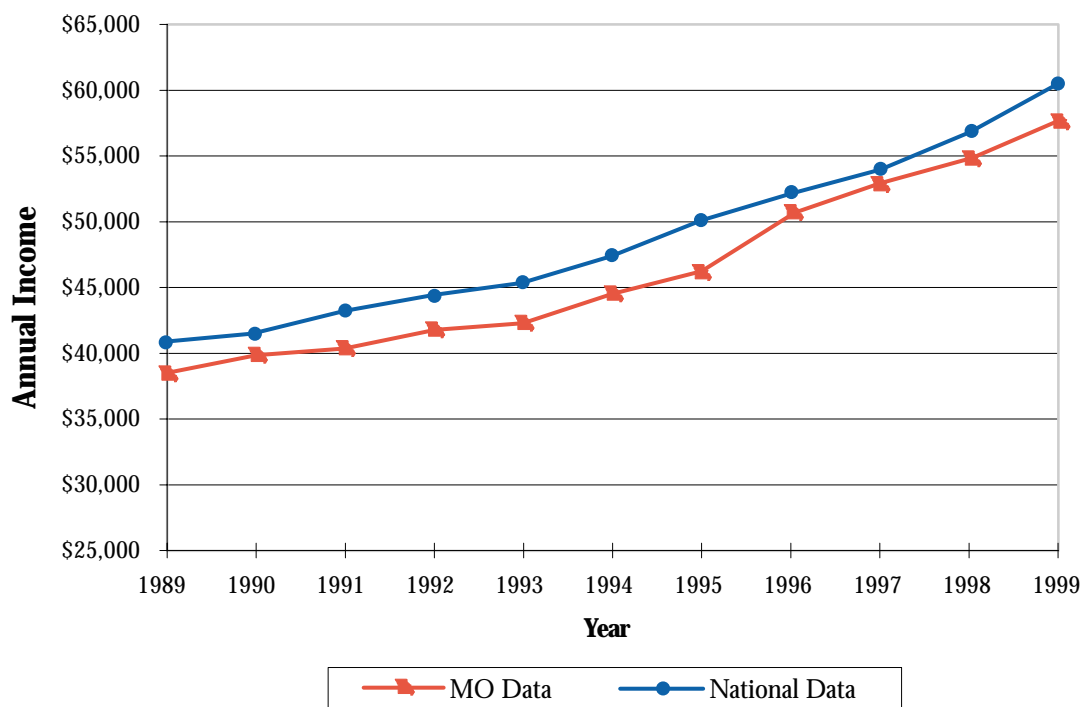
Governor Holden is committed to ensuring that Missouri has a 21st century, world class economy in which Missouri families as well as its firms, farms, and communities thrive. It is a priority of Governor Holden to support Missouri families by ensuring that working age adults are employed and are receiving wages that will allow them to raise their families.

**RESULT MEASURES**

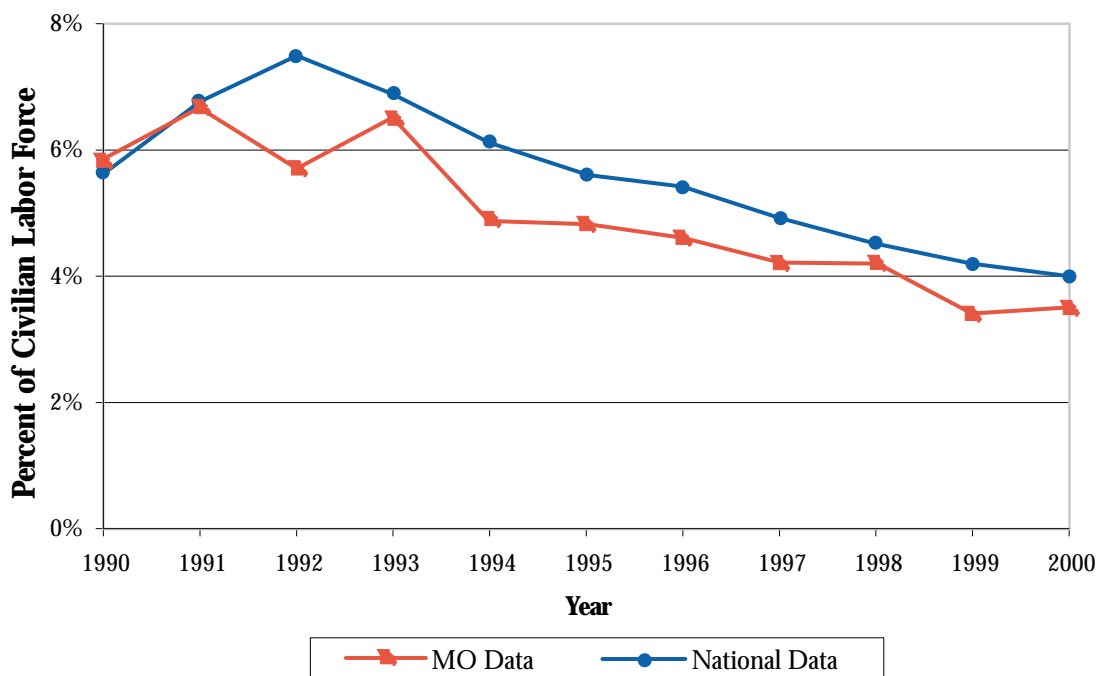
Governor Holden understands that Missouri families must share in the state's overall economic prosperity. The following graphs show how Missourians have prospered in the last decade. The median income for Missouri households rose to over \$47,000, outpacing the national median household income. In addition, the median income for 4-person families has risen steadily since 1989, increasing by 47.3 percent. Finally, the percent of Missourians unemployed in 2000 was 3.5 percent compared to the national unemployment rate of 4.0 percent.



### Median Income for 4-Person Families



### Rate of Unemployment

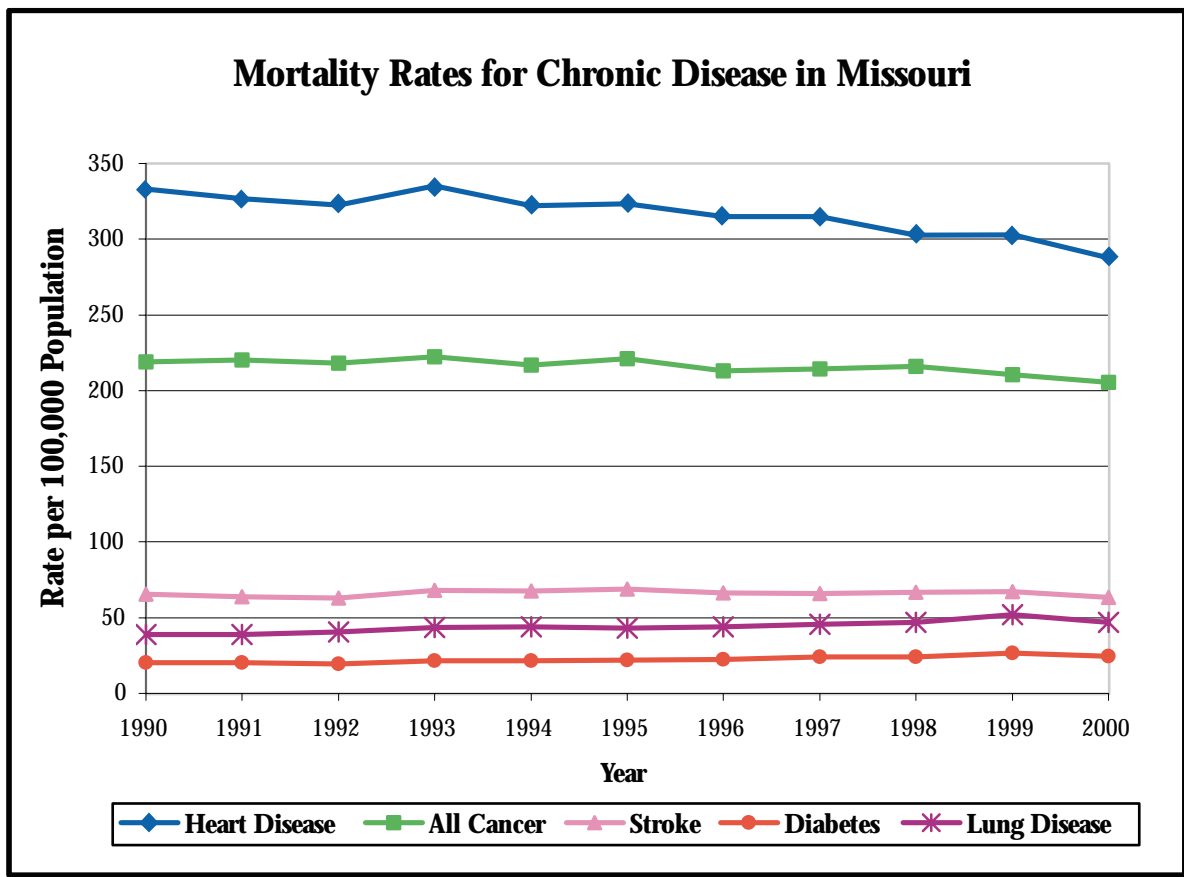


**ENJOY A LONG, HEALTHY LIFE**

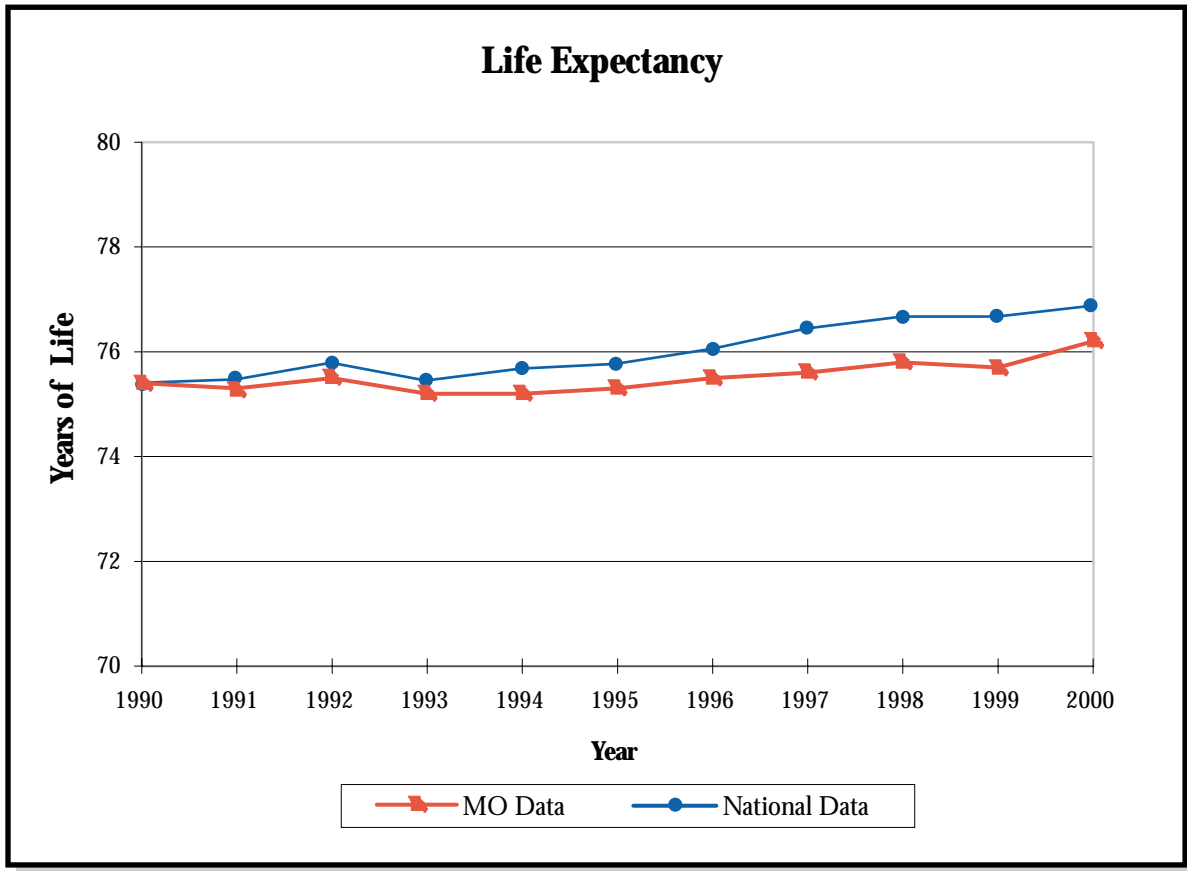
Governor Holden wants to support Missouri families by ensuring that all citizens can enjoy long, healthy, and productive lives. His priorities include decreasing the impact of chronic diseases and increasing the life expectancy of Missourians.

**RESULT MEASURES**

The following graph illustrates how Missouri is faring in its battle against chronic diseases. Chronic disease rates take many years to impact; therefore, the chronic disease mortality rate chart doesn't show dramatic movements. However, the chronic disease rates in Missouri for heart disease, cancer, and strokes have all decreased since 1990, with heart disease decreasing by 13.5 percent. The rates for diabetes and lung disease have increased.



Missouri's life expectancy of 76.2 years increased from 1999 to 2000, by 6 months or .7 percent.

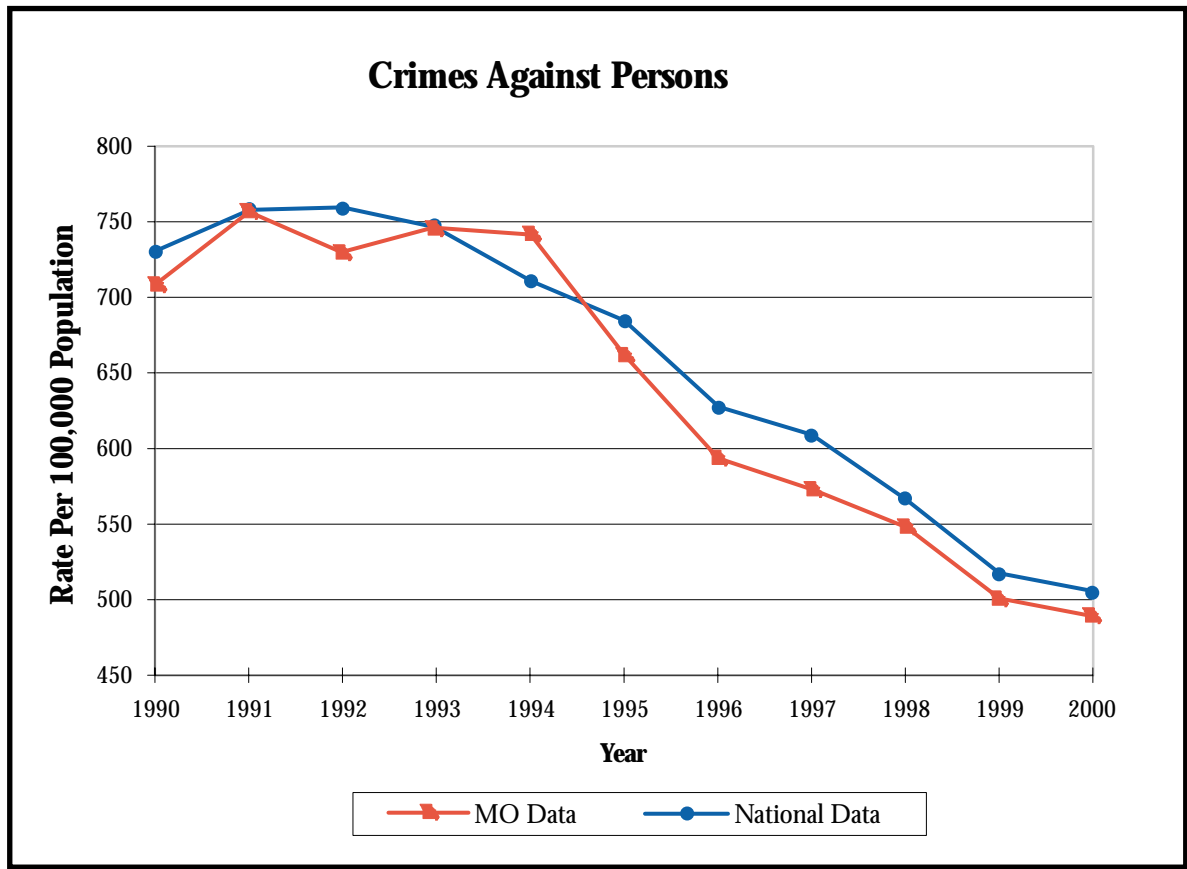


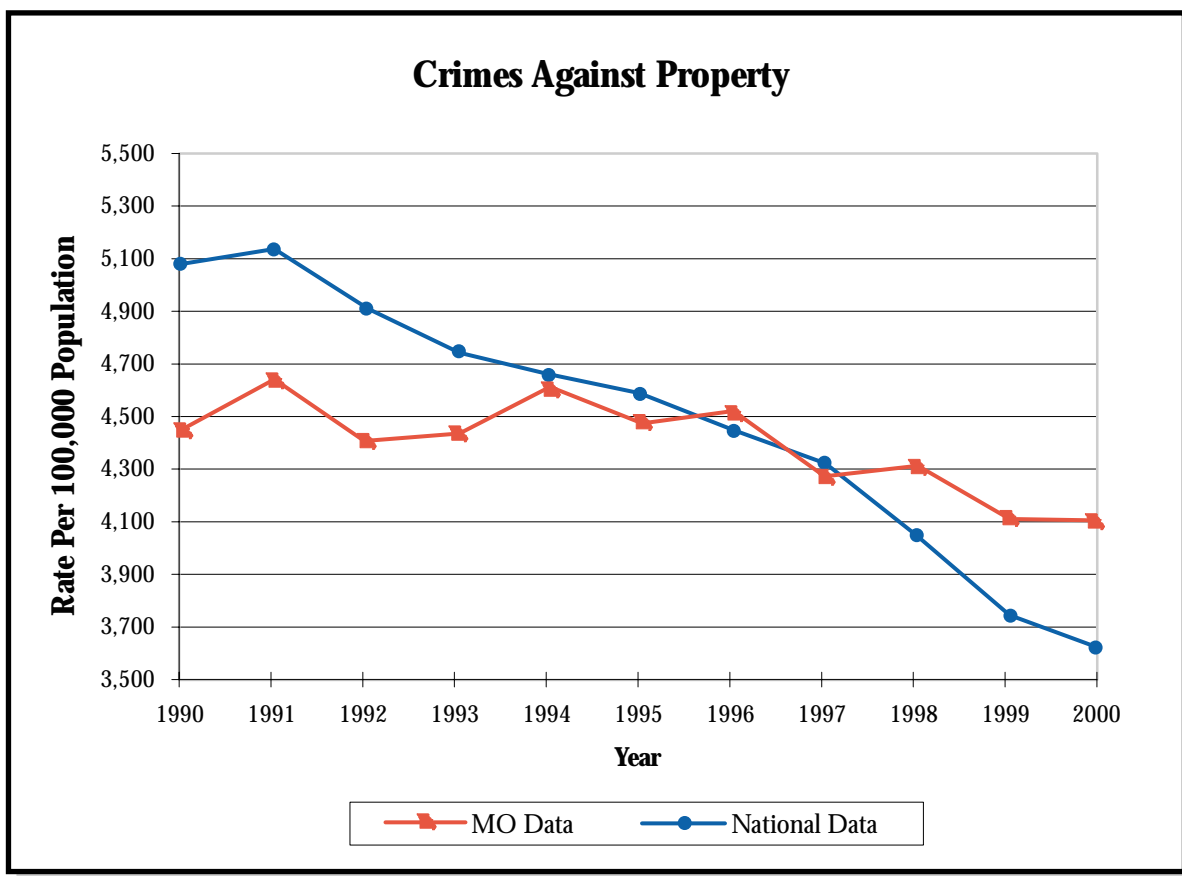
## LIVE IN A SAFE, SECURE MISSOURI

Governor Holden recognizes that one of the state's primary duties is to protect citizens from the plague of crime. He is committed to combating this problem with aggressive actions in order to make our communities safer places to live and work.

### RESULT MEASURES

As can be seen in the following graphs, Missouri's violent crime rate has dropped dramatically in recent years. In 1991, the rate of crimes against persons was 757 per 100,000 Missourians. By 2000, that number had fallen to 490 violent crimes per 100,000 Missourians - a drop of over 35 percent. Crimes against property have also fallen during that time period, from a rate of 4,634 crimes per 100,000 Missourians in 1991 to 4,084 crimes per 100,000 Missourians in 2000.





# PUBLIC DEBT

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 45,364	\$ 124,669	\$ 125,509	\$ 124,669
Arbitrage Rebate	8,221	1	1	1
Advanced Refunding of Bonds	0	1	1	1
Fourth State Building Bonds	17,850,673	18,709,008	18,588,821	18,588,821
Water Pollution Control Bonds	32,295,300	36,870,025	38,878,540	36,733,540
Stormwater Control Bonds	2,188,104	3,647,742	5,195,772	3,495,772
Third State Building Bonds	47,858,619	50,711,833	50,532,135	50,532,135
<b>TOTAL</b>				
General Revenue Fund	\$ 100,246,281	\$ 110,063,279	\$ 113,320,779	\$ 109,474,939
Full-time equivalent employees	1.40	1.40	1.40	1.40

## POLICY SUMMARY

State of Missouri general obligation bond issues consistently have received the highest, "Triple A", ratings from Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated. Missouri is one of only nine states that has this rating from all three rating organizations. The other states are Minnesota, Georgia, Utah, Virginia, Maryland, Delaware, North Carolina, and South Carolina. General obligation bonds can only be issued through voter approved amendments to the state constitution. Currently outstanding general obligation bonds are for the four purposes identified below.

**Water Pollution Control Bonds:** Water pollution control bond proceeds help local governments construct wastewater and stormwater control facilities and improve public drinking water systems. These infrastructure improvements support local economic development, protect Missouri waterways from pollution, and help ensure safe drinking water supplies. As of December 2001, Missouri has issued, excluding refunding issuances, a total of \$514.5 million of the \$725 million authorized in water pollution control bonds. The Governor recommends a \$36.7 million general revenue transfer to the water pollution control bond and interest fund, and \$36.6 million for principal and interest payments on water pollution control bonds currently outstanding. There will be no new water pollution control bond issuance in Fiscal Year 2003.

**Stormwater Control Bonds:** In November 1998, Missouri voters approved a separate stormwater control bond issue of \$200 million for stormwater control plans, studies, and projects. As of December 2001, Missouri has issued a total of \$30 million of the \$200 million authorized in stormwater control bonds. The Governor recommends a \$3.5 million general revenue transfer to the stormwater control bond and interest fund, and \$3.5 million for principal and interest payments on stormwater control bonds currently outstanding. There will be no stormwater control bond issuance in Fiscal Year 2003.

**Fourth State Building Bonds:** In August 1994, Missouri voters approved a fourth state building bond issue to provide essential prison capacity, new residential beds for juvenile offenders, and significant new higher education construction and renovation. The Governor recommends an \$18.6 million general revenue transfer to the fourth state building bond and interest fund, and \$18.7 million for principal and interest payments on fourth state building bonds currently outstanding. With the final \$50 million issuance on June 1, 1998, all \$250 million in fourth state building bonds authorized by Missouri voters was issued.

**Third State Building Bonds:** The Governor recommends a \$50.5 million general revenue transfer to the third state building bond interest and sinking fund, and \$50.7 million for principal and interest payments on third state building bonds currently outstanding. With the final \$75 million issuance on December 1, 1987, all \$600 million in third state building bonds authorized by Missouri voters in 1982 was issued.

## **PUBLIC DEBT**

### **ADMINISTRATION OF PUBLIC DEBT**

The Board of Fund Commissioners administers the bonded indebtedness of the state. The board is comprised of the following members pursuant to Section 33.300, RSMo: Governor, Lt. Governor, Attorney General, State Auditor, State Treasurer, and Commissioner of Administration. Administrative expenses are associated with the sale and processing of the state's general obligation bonds. The board directs the payment of principal and interest on state debt and processes the redemption and cancellation of state bonds. Each of the general obligation bonds issued by the State of Missouri is rated "Triple A" by Moody's Investors Service, Standard and Poor's Corporation, and Fitch IBCA Incorporated.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **ARBITRAGE REBATE COSTS**

The Board of Fund Commissioners is obligated to repay to the United States Treasury excess interest earnings on water pollution control bonds, stormwater control bonds, third state building bonds, and fourth state building bonds.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

### **ADVANCED REFUNDING OF BONDS**

The Board of Fund Commissioners authorized the advanced refunding of several outstanding series of water pollution control and third state building bonds. Due to refundings in the past several years, the state will realize a savings of \$111.2 million over the life of the bonds.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level on an open-ended basis to accommodate possible additional costs.

### **FOURTH STATE BUILDING BONDS DEBT SERVICE**

Missouri voters approved \$250 million in fourth state building bonds under the provisions of Article III, Section 37, Missouri Constitution to be used for capital improvement projects at state facilities and higher education institutions. Bond sales were authorized by the General Assembly in Fiscal Year 1995, and bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$50 million on June 1, 1998, all \$250 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on fourth state building bonds now outstanding. The money is transferred from general revenue to the fourth state building bond and interest fund one year in advance of its appropriation.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$18,588,821 for the transfer of general revenue for debt service on fourth state building bonds currently outstanding.



# **PUBLIC DEBT**

## **SUMMARY OF FOURTH STATE BUILDING BOND ISSUANCES**

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/02</u>
Series A 1995	2020	\$ 75,000,000	\$ 9,885,000	\$ 0	\$ 65,115,000
Series A 1996	2022	125,000,000	14,485,000	0	110,515,000
Series A 1998	2023	<u>50,000,000</u>	<u>3,575,000</u>	<u>0</u>	<u>46,425,000</u>
Total		\$ 250,000,000	\$ 27,945,000	\$ 0	\$ 222,055,000

## **FOURTH STATE BUILDING BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1996	\$ 1,380,000.00	\$ 4,311,020.00	\$ 5,691,020.00
1997	1,480,000.00	7,773,776.25	9,253,776.25
1998	4,260,000.00	11,177,882.50	15,437,882.50
1999	5,625,000.00	13,406,382.50	19,031,382.50
2000	5,900,000.00	13,077,082.50	18,977,082.50
2001	6,160,000.00	12,716,357.50	18,876,357.50
2002	6,470,000.00	12,339,770.00	18,809,770.00
2003	6,765,000.00	11,944,007.50	18,709,007.50
2004	7,080,000.00	11,508,820.00	18,588,820.00
2005	7,410,000.00	11,053,195.00	18,463,195.00
2006	7,765,000.00	10,592,438.76	18,357,438.76
2007	8,150,000.00	10,164,220.02	18,314,220.02
2008	8,555,000.00	9,728,082.52	18,283,082.52
2009	8,990,000.00	9,285,450.02	18,275,450.02
2010	9,455,000.00	8,802,800.02	18,257,800.02
2011	9,955,000.00	8,296,985.02	18,251,985.02
2012	10,480,000.00	7,754,135.02	18,234,135.02
2013	11,050,000.00	7,179,182.52	18,229,182.52
2014	11,655,000.00	6,563,593.77	18,218,593.77
2015	12,290,000.00	5,911,592.52	18,201,592.52
2016	12,975,000.00	5,222,711.27	18,197,711.27
2017	13,695,000.00	4,501,356.26	18,196,356.26
2018	14,465,000.00	3,747,462.50	18,212,462.50
2019	15,270,000.00	2,944,718.75	18,214,718.75
2020	16,125,000.00	2,087,831.25	18,212,831.25
2021	11,325,000.00	1,197,006.25	12,522,006.25
2022	11,950,000.00	565,725.00	12,515,725.00
2023	<u>3,320,000.00</u>	<u>166,000.00</u>	<u>3,486,000.00</u>
TOTAL	\$ 250,000,000.00	\$ 214,019,585.22	\$ 464,019,585.22

## PUBLIC DEBT

### WATER POLLUTION CONTROL BONDS DEBT SERVICE

Missouri voters have authorized the state to sell \$725 million in water pollution control bonds under the provisions of Article III, Section 37, Missouri Constitution. Increments of bonds are then authorized by the General Assembly and issued on a cash-as-needed basis to fund wastewater treatment projects approved by the Missouri Clean Water Commission. Currently, \$514.5 million in bonds, excluding refunding issuances, have been issued. General revenue is transferred to the water pollution control bond and interest fund one year in advance of its appropriation for principal and interest payments.

#### Fiscal Year 2003 Governor's Recommendations

- \$36,733,540 for the transfer of general revenue for debt service on water pollution control bonds currently outstanding.

### SUMMARY OF WATER POLLUTION CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/02</u>
Series A 1972	1997	\$ 20,000,000	\$ 20,000,000	\$ 0	\$ 0
Series A 1974	1999	8,000,000	8,000,000	0	0
Series B 1974	1995	15,000,000	15,000,000	0	0
Series A 1977	1997	31,494,240	31,494,240	0	0
Series A 1981	Refunded	20,000,000	3,060,000	16,940,000	0
Series A 1983	Refunded	20,000,000	3,585,000	16,415,000	0
Series B 1983	Refunded	10,000,000	375,000	9,625,000	0
Series A 1985	Refunded	20,000,000	425,000	19,575,000	0
Series A 1986	Refunded	60,000,000	13,600,000	46,400,000	0
Series B 1987	Refunded	35,000,000	4,305,000	30,695,000	0
Series A 1989	Refunded	35,000,000	7,720,000	27,280,000	0
Series A 1991	Refunded	35,000,000	7,650,000	27,350,000	0
Series A 1992	2018	35,000,000	7,370,000	0	27,630,000
Series A 1993	2019	30,000,000	5,805,000	0	24,195,000
Series A 1995	2020	30,000,000	3,955,000	0	26,045,000
Series A 1996	2022	35,000,000	4,055,000	0	30,945,000
Series A 1998	2023	35,000,000	2,505,000	0	32,495,000
Series A 1999	2025	20,000,000	905,000	0	19,095,000
Series A 2001	2026	20,000,000	0	0	20,000,000
Totals Excluding Refunding Issuances		\$ 514,494,240	\$ 139,809,240	\$ 194,280,000	\$ 180,405,000
Series A 1987 Refunding	Refunded	49,715,000	16,475,000	33,240,000	0
Series B 1991 Refunding	Refunded	17,435,000	6,080,000	11,355,000	0
Series C 1991 Refunding	2013	33,575,000	11,700,000	0	21,875,000
Series B 1992 Refunding	2011	50,435,000	13,830,000	0	36,605,000
Series B 1993 Refunding	2017	109,415,000	19,210,000	0	90,205,000
Totals Including Refunding Issuances		\$ 775,069,240	\$ 207,104,240	\$ 238,875,000	\$ 329,090,000

PUBLIC DEBT

**WATER POLLUTION CONTROL BONDS  
COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS**

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
1973	\$ 570,000.00	\$ 930,188.68	\$ 1,500,188.68
1974	485,000.00	986,240.00	1,471,240.00
1975	705,000.00	1,751,569.56	2,456,569.56
1976	1,105,000.00	2,145,455.00	3,250,455.00
1977	1,160,000.00	2,080,357.50	3,240,357.50
1978	2,129,240.00	3,259,522.70	5,388,762.70
1979	2,240,000.00	3,405,992.50	5,645,992.50
1980	2,355,000.00	3,278,505.00	5,633,505.00
1981	2,475,000.00	3,146,440.00	5,621,440.00
1982	3,135,000.00	4,730,807.06	7,865,807.06
1983	3,165,000.00	4,694,670.00	7,859,670.00
1984	3,580,000.00	6,591,015.00	10,171,015.00
1985	3,915,000.00	6,805,965.00	10,720,965.00
1986	4,325,000.00	8,378,860.00	12,703,860.00
1987	4,650,000.00	10,567,758.28	15,217,758.28
1988	4,840,000.00	11,131,392.44	15,971,392.44
1989	6,805,000.00	13,815,388.63	20,620,388.63
1990	7,225,000.00	14,573,892.38	21,798,892.38
1991	8,240,000.00	15,275,401.13	23,515,401.13
1992	8,770,000.00	14,529,565.51	23,299,565.51
1993	10,110,000.00	16,610,720.57	26,720,720.57
1994	11,540,000.00	15,670,014.33	27,210,014.33
1995	13,690,000.00	16,312,826.27	30,002,826.27
1996	13,880,000.00	17,131,521.28	31,011,521.28
1997	14,790,000.00	17,175,506.28	31,965,506.28
1998	12,605,000.00	17,258,681.28	29,863,681.28
1999	14,210,000.00	18,152,123.78	32,362,123.78
2000	14,525,000.00	17,798,035.65	32,323,035.65
2001	15,690,000.00	17,488,317.53	33,178,317.53
2002	16,375,000.00	17,663,053.78	34,038,053.78
2003	17,220,000.00	16,814,983.78	34,034,983.78
2004	18,255,000.00	15,906,787.53	34,161,787.53
2005	19,270,000.00	14,926,673.78	34,196,673.78
2006	20,295,000.00	13,890,920.03	34,185,920.03
2007	21,510,000.00	12,811,507.53	34,321,507.53
2008	22,705,000.00	11,663,164.41	34,368,164.41
2009	21,860,000.00	10,507,451.27	32,367,451.27
2010	20,800,000.00	9,372,883.14	30,172,883.14
2011	20,060,000.00	8,293,018.77	28,353,018.77
2012	15,800,000.00	7,349,671.27	23,149,671.27
2013	16,695,000.00	6,488,557.51	23,183,557.51
2014	14,540,000.00	5,664,225.01	20,204,225.01
2015	15,335,000.00	4,882,583.76	20,217,583.76
2016	13,230,000.00	4,131,470.01	17,361,470.01
2017	13,970,000.00	3,414,311.88	17,384,311.88
2018	12,205,000.00	2,721,181.25	14,926,181.25
2019	10,115,000.00	2,131,011.25	12,246,011.25
2020	8,405,000.00	1,642,548.75	10,047,548.75
2021	6,580,000.00	1,194,762.50	7,774,762.50
2022	6,925,000.00	840,562.50	7,765,562.50
2023	4,695,000.00	542,187.50	5,237,187.50
2024	2,490,000.00	299,525.00	2,789,525.00
2025	2,620,000.00	166,650.00	2,786,650.00
2026	1,325,000.00	66,250.00	1,391,250.00
<b>TOTAL</b>	<b>\$ 536,194,240.00</b>	<b>\$ 459,062,675.55</b>	<b>\$ 995,256,915.55</b>

Total principal includes refunding excess of \$21,700,000 which does not count toward the \$725 million constitutional authorization.

## PUBLIC DEBT

### STORMWATER CONTROL BONDS BUDGET YEAR ISSUANCE

Missouri voters have authorized the state to sell \$200 million in stormwater control bonds under the provisions of Article III, Section 37, Missouri Constitution. This appropriation provides principal and interest on stormwater control bonds to be authorized by the General Assembly. Currently, \$30 million in bonds have been issued. General revenue is transferred to the stormwater control bond and interest fund one year in advance of its appropriation for payment of principal and interest.

#### Fiscal Year 2003 Governor's Recommendations

- \$3,495,772 for the transfer of general revenue for debt service on storm water control bonds currently outstanding.

### SUMMARY OF STORMWATER CONTROL BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/02</u>
Series A 1999	2025	\$ 20,000,000	\$ 905,000	\$ 0	\$ 19,095,000
Series A 2001	2026	10,000,000	0	0	10,000,000
<b>TOTAL</b>		<b>\$ 30,000,000</b>	<b>\$ 905,000</b>	<b>\$ 0</b>	<b>\$ 29,095,000</b>

### STORMWATER CONTROL BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2000	\$ 0.00	\$ 541,461.88	\$ 541,461.88
2001	445,000.00	1,070,352.51	1,515,352.51
2002	695,000.00	1,535,101.26	2,230,101.26
2003	725,000.00	1,500,161.26	2,225,161.26
2004	750,000.00	1,457,571.26	2,207,571.26
2005	780,000.00	1,411,921.26	2,191,921.26
2006	810,000.00	1,372,471.26	2,182,471.26
2007	845,000.00	1,336,188.76	2,181,188.76
2008	880,000.00	1,297,428.76	2,177,428.76
2009	915,000.00	1,254,666.88	2,169,666.88
2010	960,000.00	1,198,229.38	2,158,229.38
2011	1,000,000.00	1,141,332.51	2,141,332.51
2012	1,045,000.00	1,090,575.01	2,135,575.01
2013	1,095,000.00	1,038,418.76	2,133,418.76
2014	1,150,000.00	982,753.76	2,132,753.76
2015	1,210,000.00	923,558.76	2,133,558.76
2016	1,265,000.00	860,718.76	2,125,718.76
2017	1,330,000.00	794,369.38	2,124,369.38
2018	1,400,000.00	723,147.50	2,123,147.50
2019	1,470,000.00	647,747.50	2,117,747.50
2020	1,550,000.00	568,248.75	2,118,248.75
2021	1,630,000.00	484,225.00	2,114,225.00
2022	1,710,000.00	395,662.50	2,105,662.50
2023	1,795,000.00	302,687.50	2,097,687.50
2024	1,890,000.00	205,025.00	2,095,025.00
2025	1,990,000.00	102,150.00	2,092,150.00
2026	665,000.00	33,250.00	698,250.00
<b>TOTAL</b>	<b>\$ 30,000,000.00</b>	<b>\$ 24,269,425.16</b>	<b>\$ 54,269,425.16</b>

## PUBLIC DEBT

### THIRD STATE BUILDING BONDS DEBT SERVICE

Missouri voters approved \$600 million in third state building bonds to be used for capital improvement projects at state facilities and for specific types of local economic development projects under Article III, Section 37, Missouri Constitution. The General Assembly authorized issuance of \$75 million for Fiscal Year 1983, \$50 million for Fiscal Year 1984, \$75 million for Fiscal Year 1985, and \$400 million for Fiscal Year 1986. Bonds were then sold on a cash-as-needed basis to meet scheduled construction timetables. With the final sale of \$75 million on December 1, 1987, all \$600 million in voter-approved bonds have been issued.

This appropriation provides for principal and interest payments on third state building bonds now outstanding. The money is transferred from general revenue to the third state building bond interest and sinking fund one year in advance of its appropriation.

#### Fiscal Year 2003 Governor's Recommendations

- \$50,532,135 for the transfer of general revenue for debt service on third state building bonds currently outstanding.

#### SUMMARY OF THIRD STATE BUILDING BOND ISSUANCES

<u>Issuance</u>	<u>Final Maturity Fiscal Year</u>	<u>Principal Amount Issued</u>	<u>Principal Amount Repaid</u>	<u>Principal Amount Refunded</u>	<u>Principal Outstanding As of 1/1/02</u>
Series A 1983	Refunded	\$ 40,000,000	\$ 7,165,000	\$ 32,835,000	\$ 0
Series B 1983	Refunded	35,000,000	1,325,000	33,675,000	0
Series A 1984	Refunded	50,000,000	1,870,000	48,130,000	0
Series A 1985	Refunded	75,000,000	1,625,000	73,375,000	0
Series A 1986	Refunded	325,000,000	73,645,000	251,355,000	0
Series B 1987	Refunded	<u>75,000,000</u>	<u>9,220,000</u>	<u>65,780,000</u>	<u>0</u>
Totals Excluding Refunding Issuances		\$ 600,000,000	\$ 94,850,000	\$ 505,150,000	\$ 0
Series A 1987 Refunding	Refunded	170,115,000	56,390,000	113,725,000	0
Series A 1991 Refunding	Refunded	34,870,000	11,935,000	22,935,000	0
Series B 1991 Refunding	2013	71,955,000	24,635,000	0	47,320,000
Series A 1992 Refunding	2011	273,205,000	74,235,000	0	198,970,000
Series A 1993 Refunding	2013	<u>148,480,000</u>	<u>45,465,000</u>	<u>0</u>	<u>103,015,000</u>
Totals Including Refunding Issuances		\$ 1,298,625,000	\$ 307,510,000	\$ 641,810,000	\$ 349,305,000

## PUBLIC DEBT

### THIRD STATE BUILDING BONDS COMPOSITE SCHEDULE OF DEBT SERVICE REQUIREMENTS

<u>FISCAL YEAR</u>		<u>PRINCIPAL</u>		<u>INTEREST</u>		<u>TOTAL</u>
1984	\$	470,000	\$	4,842,988	\$	5,312,988
1985		1,490,000		11,034,230		12,524,230
1986		2,270,000		17,725,713		19,995,713
1987		2,745,000		30,902,276		33,647,276
1988		5,865,000		36,209,165		42,074,165
1989		11,430,000		44,179,397		55,609,397
1990		12,280,000		43,153,872		55,433,872
1991		13,235,000		42,050,291		55,285,291
1992		14,230,000		37,998,667		52,228,667
1993		15,755,000		36,585,883		52,340,883
1994		17,280,000		32,547,323		49,827,323
1995		20,000,000		30,798,943		50,798,943
1996		21,550,000		29,172,939		50,722,939
1997		23,175,000		27,523,861		50,698,861
1998		23,985,000		25,883,931		49,868,931
1999		28,305,000		24,158,197		52,463,197
2000		30,345,000		22,248,060		52,593,060
2001		31,485,000		20,471,258		51,956,258
2002		31,615,000		18,933,313		50,548,313
2003		33,375,000		17,336,833		50,711,833
2004		34,880,000		15,652,135		50,532,135
2005		37,040,000		13,840,758		50,880,758
2006		38,855,000		11,876,855		50,731,855
2007		41,150,000		9,771,535		50,921,535
2008		43,470,000		7,532,953		51,002,953
2009		41,630,000		5,283,839		46,913,839
2010		36,400,000		3,234,306		39,634,306
2011		31,960,000		1,459,563		33,419,563
2012		5,085,000		482,738		5,567,738
2013		5,460,000		164,700		5,624,700
TOTAL	\$	656,815,000	\$	623,056,518	\$	1,279,871,518

Total principal includes refunding excess of \$56,815,000 which does not count toward the \$600 million constitutional authorization.

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# DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Division of General Administration	\$ 3,487,303,355	\$ 3,635,949,003	\$ 3,923,978,550	\$ 3,844,689,190
Division of Operations	12,130,593	200,000	0	0
Divisions of School Improvement/Teacher Quality and Urban Education	270,218,120	405,281,807	419,319,695	431,887,122
Division of Vocational Rehabilitation	97,798,639	140,902,737	169,159,742	161,116,044
Division of Vocational and Adult Education	48,437,105	64,806,033	78,768,207	68,515,832
Division of Special Education	140,914,027	186,763,090	219,418,281	215,251,378
Board Operated School Programs	1,473,926	1,555,000	1,555,000	1,555,000
Missouri Occupational Information Coordinating Committee	279,471	285,516	399,126	396,516
Commission for the Deaf	351,794	492,043	884,916	492,043
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 4,058,907,030</b>	<b>\$ 4,436,235,229</b>	<b>* \$ 4,813,483,517</b>	<b>\$ 4,723,903,125</b>
General Revenue Fund	290,933,547	271,124,489	315,469,779	266,613,227
Federal Funds	536,552,395	783,638,904	824,053,163	872,288,296
School District Bond Fund**	266,940	7,000,000	10,500,000	7,000,000
Certification of Interpreters Fund	47,751	87,000	87,000	87,000
School Building Revolving Fund	0	1,500,000	1,500,000	1,500,000
Independent Living Center Fund	202,013	210,000	210,000	210,000
Outstanding Schools Trust Fund***	514,996,762	541,755,910	761,191,674	493,588,583
Bingo Proceeds for Education Fund	1,705,604	1,707,167	1,707,167	1,707,167
Lottery Proceeds Fund	74,788,650	87,765,127	87,860,231	111,301,083
VIDEO Fund****	1,131,474	1,225,724	4,137,697	0
State School Moneys Fund*****	1,924,424,155	1,972,885,417	2,029,320,915	2,215,667,931
Handicapped Children's Trust Fund	0	30,000	30,000	30,000
Healthy Families Trust Fund-Early Childhood Care and Education Account	0	6,458,050	6,458,050	0
Excellence in Education Fund	1,606,096	2,929,210	2,934,755	2,929,210
Fair Share Fund	23,279,910	23,835,000	23,835,001	22,929,326
School District Trust Fund	661,149,960	700,435,389	700,435,390	691,456,241
After-School Retreat Reading and Assessment Grant Program Fund	0	0	10,104,853	0
State Public School Fund	8,025,992	10,000,000	10,000,000	10,000,000
Early Childhood Development, Education and Care Fund	18,321,855	22,122,842	22,122,842	25,070,061
School for the Blind Trust Fund	1,460,325	1,500,000	1,500,000	1,500,000
School for the Deaf Trust Fund	13,601	25,000	25,000	25,000
<b>Full-time equivalent employees</b>	<b>2,033.81</b>	<b>2,027.22</b>	<b>2,060.72</b>	<b>2,049.28</b>

\* Does not include \$9,952,204 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Elementary and Secondary Education supplemental appropriations.

\*\* The school district bond fund received the following transfers from the gaming proceeds for education fund: \$7,000,000 in Fiscal Year 2001 expenditure, \$7,000,000 in Fiscal Year 2002 appropriation, and \$5,271,458 in Governor recommends for Fiscal Year 2003.

\*\*\* The outstanding schools trust fund received the following transfers from general revenue: \$416,500,000 in Fiscal Year 2001 expenditure, \$451,300,000 in Fiscal Year 2002 appropriation, and \$421,300,000 in Governor recommends for Fiscal Year 2003.

\*\*\*\* The VIDEO fund received the following transfers from general revenue: \$1,600,000 in Fiscal Year 2001 expenditure and \$1,253,224 in Fiscal Year 2002 appropriation.

\*\*\*\*\* The state school moneys fund received the following transfers from general revenue: \$1,664,302,645 in Fiscal Year 2001 expenditure, \$1,729,063,914 in Fiscal Year 2002 appropriation, and \$1,777,219,814 in Governor recommends for Fiscal Year 2003. The state school moneys fund also received the following transfers from the gaming proceeds for education fund: \$179,335,388 in Fiscal Year 2001 expenditure, \$186,751,000 in Fiscal Year 2002 appropriation, and \$310,280,000 in Governor recommends for Fiscal Year 2003.



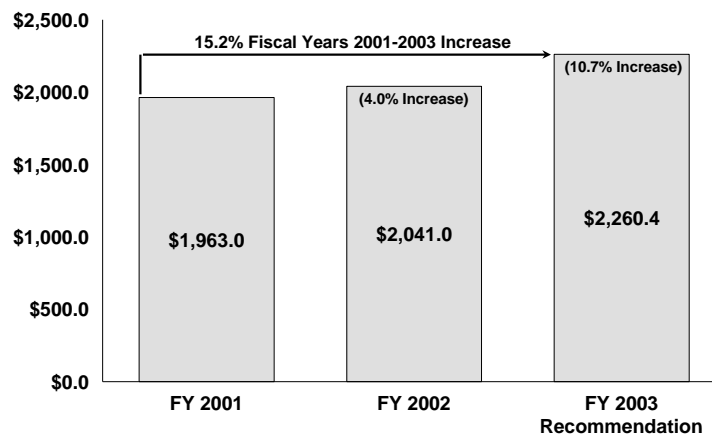
## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

### POLICY SUMMARY

Governor Holden's commitment to improving education for our students comes with a belief that Missouri has a moral responsibility to support its public schools and to continue the progress already made in education. The Governor's recommendations for Fiscal Year 2003 support his five major goals: making sure our children are ready to learn when they enter school; elevating the professional status of teaching; enhancing student performance standards and school accountability; reducing class size so students can receive more individual attention; and increasing the emphasis on personal character and discipline among our students.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools. The Governor recommends an increase of \$219.4 million to continue full funding of the foundation equity formula and At-Risk Program.

**Fiscal Year 2003  
Increased Funding for the Foundation Equity Formula  
and At-Risk Program  
(in millions)**



#### Enhancing Equity for School Children

- \$219.4 million increase (10.7 percent) for the foundation equity formula and At-Risk Program, bringing total funding to \$2.3 billion.

#### Ensuring Accountability and Innovation

- Outstanding Schools Waivers – no cost. Schools that consistently perform at exemplary levels in the statewide assessment system will be granted Outstanding Schools Waivers. These waivers of rules and regulations promote flexibility and innovation in the operations of the school, encourage efficiency, and promote school-centered decision making.
- Academically Deficient Schools – funding included in the foundation formula increase. Schools that repeatedly fail to provide their students with an adequate education may be declared academically deficient. Funds will be made available through a portion of one percent of the foundation formula funding set aside to address statewide areas of critical need to help these schools recover from academic deficiency.
- Professional Development and Training for Educators – one percent of a school district's foundation formula money is allocated for professional development for teachers. Also, an additional one percent of the total foundation formula appropriation, \$18.8 million in Fiscal Year 2003, will be targeted to statewide areas of critical need.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

### POLICY SUMMARY (Continued)

**DIRECT STATE AID TO LOCAL SCHOOLS:** Governor Holden's Fiscal Year 2003 budget includes \$3.7 billion in direct state aid to local public schools. In addition to the increase in the foundation formula and other programs discussed earlier, increases in direct state aid to local schools include:

- \$6.5 million for Early Childhood Special Education for educational services provided to three- and four-year-old children with disabilities, bringing total state funding to \$69.6 million.
- \$2.1 million for payments to public schools for students placed by the Division of Family Services and the Department of Mental Health.

### STATE AID TO LOCAL SCHOOL DISTRICTS (Not Including Desegregation) (in millions)

	<b>FY 2002 APPROPRIATION</b>	<b>FY 2003 RECOMMENDATION</b>
Equity Formula and At-Risk	\$ 2,041.00	\$ 2,260.42
Transportation	162.06	162.06
Gifted	24.87	24.87
Special Education	149.62	149.62
Remedial Reading	11.10	11.10
Early Childhood Special Education	63.16	69.62
Career Ladder	38.34	38.34
Vocational Education	54.57	52.83
Parents As Teachers	36.40	30.31
Subtotal Foundation Program	\$ 2,581.12	\$ 2,799.17
<b>Other State Aid</b>		
A+ Schools Program	\$ 19.30	\$ 19.30
Technology Grants	16.73	12.97
Adult Literacy	0.52	0.52
Caring Communities	1.29	1.00
Safe Schools Grants	10.35	10.35
Proposition C Sales Tax	700.44	691.46
Fair Share Cigarette Tax	23.84	22.93
Free Textbook Fund	75.72	74.23
School Food Program	3.48	3.46
VIDEO Fund	1.09	0
Read to be Ready Grants	6.70	0
Special Ed. Excess Cost/Severe Disability	1.30	0
Early Childhood Program	15.14	15.14
DFS/DMH School Placements	5.26	7.34
Subtotal Other State Aid	\$ 881.16	\$ 858.70
<b>Total State Aid to Local Schools</b>	<b>\$ 3,462.28</b>	<b>\$ 3,657.87</b>

**FIRST STEPS:** The Governor recommends a \$2.9 million increase to provide early intervention services for developmentally delayed infants. This increase brings total state funding to \$9.1 million.

**PERSONAL CARE ASSISTANCE:** The Governor recommends \$23.5 million to increase the Personal Care Assistance Program for Medicaid-eligible Missourians, allowing individuals with disabilities to choose to receive services in the community rather than in a nursing home.

**TITLE I:** The Governor recommends \$14.9 million federal funds for the Reading First Grant Program. This grant program will provide resources to school districts for teacher professional development with the focus on reading instruction. The program serves students in the primary grades and also provides for the purchasing of reading materials to be used for instruction.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

### POLICY SUMMARY (Continued)

**TITLE II:** The Governor recommends \$23.2 million federal funds for the Improving Teacher Quality Grants Program. This funding supports professional development activities at the local level that are focused on improving student achievement.

#### GAMING REVENUES FOR EDUCATION:

##### Lottery Proceeds for Education

During Fiscal Year 2003, \$185.8 million will be available from ongoing lottery revenues. Of this amount, \$11.3 million will support programs in the Department of Elementary and Secondary Education. More information about lottery funds can be found in the Higher Education section of the Missouri Budget.

##### Riverboat Gaming Proceeds for Education

All riverboat gaming proceeds in excess of the amount transferred to the school district bond fund must be transferred by law to the state school moneys fund for the foundation formula. For Fiscal Year 2003, the Governor recommends transferring \$5.3 million in gaming proceeds to the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement. The Governor recommends that the remaining \$312 million be transferred to the state school moneys fund.

### PERFORMANCE MEASURES

Some performance measures the Department of Elementary and Secondary Education uses to evaluate student achievement follow:

	1999	2000	2001
*Percent of students scoring at or above the targeted skill level			
-4th grade math	35%	37%	38%
-8th grade math	10%	14%	15%
-10th grade math	10%	10%	13%
-3rd grade science	35%	45%	46%
-7th grade science	15%	15%	14%
-10th grade science	5%	6%	9%
-3rd grade communication arts	29%	32%	32%
-7th grade communication arts	31%	32%	34%
-11th grade communication arts	23%	23%	23%
-4th grade social studies	26%	38%	42%
-8th grade social studies	36%	42%	42%
-11th grade social studies	14%	17%	20%
-5th grade health-physical education	N/A	39%	43%
-9th grade health-physical education	N/A	21%	39%
Average annual dropout rate among Missouri public school students, grades 9-12	4.7%	4.3%	4.5%
Graduation rate among Missouri public high school students	78.5%	80.3%	81.4%
Percent of 18-year-olds with a high school diploma or GED	84.4%	86.4%	87.5%
Average ACT score of Missouri high school graduates	21.6	21.6	21.4
Percent of vocational education graduates continuing their education or employed	93.4%	93.2%	N/A

\* Social studies results for 1999 and health-physical education results for 2000 are based on voluntary administration of the assessment. Mandatory administration, in which all districts participate, began in 1998 for math, 1999 for science and communication arts, 2000 for social studies, and 2001 for health-physical education.

DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

POLICY SUMMARY (Continued)

A key performance measure the Department of Elementary and Secondary Education uses to evaluate early childhood care and education follows:

	1999	2000	2001
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*Percent of children with average or above average school readiness skills	75%	76%	79%
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\* The Missouri School Entry Assessment was conducted for the first time during the 1998-1999 school year. The assessment is based on a statewide sample of kindergarten students and provides important information about what children entering Missouri's public kindergartens know and can do, as well as their preschool experiences.

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
GENERAL ADMINISTRATION**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administrative and Financial Services	\$ 9,616,812	\$ 14,336,715	\$ 11,616,298
State Public School Fund	8,025,992	10,000,000	10,000,000
Court-Ordered Payments	50,000,000	20,000,000	20,000,000
School Foundation Program Distribution	2,546,762,459	2,630,581,914	2,848,637,006
Early Grade Literacy/Professional Development	607,862	550,000	550,000
School Food Services	111,683,780	136,983,785	141,773,569
Performance Measures	254,069	0	0
School Building Revolving Fund	0	1,500,000	1,500,000
Special School Advisors	1,391	1,500	900
Fair Share Distribution	23,279,910	23,835,000	22,929,326
School District Trust Fund Distribution	661,149,960	700,435,389	691,456,241
County Foreign Insurance Tax	74,767,421	75,724,700	74,225,850
School District Bond Intercept Program	266,940	7,000,000	7,000,000
Federal Grants and Donations	886,759	15,000,000	15,000,000
<b>TOTAL</b>	<b>\$ 3,487,303,355</b>	<b>\$ 3,635,949,003</b>	<b>\$ 3,844,689,190</b>
General Revenue Fund	176,768,912	147,890,169	145,696,907
Federal Funds	114,690,920	157,776,296	161,744,371
Bingo Proceeds for Education Fund	1,705,604	1,707,167	1,707,167
Other Funds	3,194,137,919	3,328,575,371	3,535,540,745
Full-time equivalent employees	1,067.31	1,054.72	1,029.22

**ADMINISTRATIVE AND FINANCIAL SERVICES**

The Department of Elementary and Secondary Education is supervised by the State Board of Education, which consists of eight members appointed for eight-year terms by the Governor with the advice and consent of the Senate. The board appoints the Commissioner of Education as its chief administrative officer.

The Division of Administrative and Financial Services consists of all internal and external business functions of the department. It is responsible for distributing all federal and state funds to local school districts and other agencies. The external areas consist of the school finance, school food services, and school governance and facilities sections. School finance and school governance jointly administer the school transportation program. The internal business areas consist of accounting and procurement, human resources, budget, research and planning, printing and publications, mail services, information technology, and telecommunications. The school finance section calculates each school district's share of the foundation formula distribution and other sources of state aid.

**Fiscal Year 2003 Governor's Recommendations**

- \$167,596 and four staff transferred from the Division of School Improvement.
- (\$1,566,273) and (28) staff transferred to the Division of School Improvement, including (\$719,805) general revenue.
- (\$1,204,896) lottery proceeds fund core reduction for one-time expenditures.
- (\$116,844) and (1.5) staff in core reduction from the Fiscal Year 2002 appropriation level.

**STATE PUBLIC SCHOOL FUND**

The state public school fund is a non-expendable trust fund consisting of all moneys, bonds, lands, and other properties belonging to or donated to the state for school purposes and the proceeds of all sales of land and other property that accrue to the state by escheat. Only the interest earned from the investments is appropriated for the support of public schools.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

# DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

## GENERAL ADMINISTRATION (Continued)

### COURT-ORDERED PAYMENTS

Court supervision of the St. Louis and Kansas City School Districts ended in 1999. State desegregation payments in the Kansas City case ended in Fiscal Year 1999 pursuant to a settlement in 1997. With passage of SB 781 in 1998, local voter approval of matching funds in February 1999, and court approval in March 1999, St. Louis desegregation operating budget payments were ended in Fiscal Year 1999 while transfer costs and capital improvement payments will be phased out. Fiscal Year 2001 payments totaled \$50 million, with \$25 million for voluntary transfer costs and \$25 million for capital costs. The Fiscal Year 2002 and Fiscal Year 2003 budgets include \$20 million for capital outlays in St. Louis. As these payments phase out, savings will be redirected to the school foundation formula for the benefit of school districts across the state.

### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

### FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Teachers Participating in Career Ladder Program	15,827	16,688	16,880
Early Childhood Development Screenings	141,808	144,644	147,537
Families Served by Parent Education	157,237	160,381	163,589
Students Provided Early Childhood Special Education	8,036	8,357	8,692
Equity Formula	\$ 1,642,065,037	\$ 1,694,833,776	\$ 1,894,982,281
At-Risk Program	331,524,724	346,157,945	365,440,235
Transportation	162,067,444	162,067,713	162,067,713
Special Education	149,160,730	149,617,982	149,617,982
Remedial Reading	10,989,054	11,096,925	11,096,925
Early Childhood Special Education	57,788,438	63,161,098	69,621,995
Gifted Programs	24,104,301	24,870,104	24,870,104
Career Ladder	38,008,649	38,337,774	38,337,774
Vocational Education	54,148,221	54,624,528	52,880,428
Early Childhood Development	29,247,974	36,397,151	30,304,651
State Board Operated Schools	47,657,887	49,416,918	49,416,918
TOTAL	\$ 2,546,762,459	\$ 2,630,581,914	\$ 2,848,637,006
General Revenue Fund	44,066,732	44,632,170	44,632,170
Federal Funds	1,885,551	3,077,581	3,077,581
Outstanding Schools Trust Fund	513,580,149	540,539,119	492,371,792
Bingo Proceeds for Education Fund	1,705,604	1,707,167	1,707,167
Lottery Proceeds Fund	58,509,609	58,707,960	88,240,365
State School Moneys Fund	1,923,469,555	1,972,725,417	2,215,507,931
Healthy Families Trust Fund-Early Childhood			
Care and Education Account	0	6,092,500	0
Early Childhood Development, Education and Care Fund	3,545,259	3,100,000	3,100,000
Full-time equivalent employees	936.31	923.72	923.72

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **GENERAL ADMINISTRATION (Continued)**

#### **SCHOOL FOUNDATION PROGRAM DISTRIBUTION**

The foundation formula provides equitable education funding for school children. The formula apportions money to school districts based on local effort as measured by the local property tax levy for school purposes and on local wealth. Increased local effort results in higher state funding, while increased local wealth results in lower state funding. Fully funded, the formula ensures that a one-penny levy provides the same funding to 95 percent of all students from a combination of equity formula and local property tax revenues.

In addition, the Foundation Program includes funding for seven categorical add-on programs, including programs for special needs students, transportation, special education, gifted, career ladder, vocational education, and early childhood development programs. Extra funding is also provided to districts based on the number of students eligible for the federal Free- and Reduced-Price Lunch Program. While the money received for this program must be spent on programs for children with special educational needs, the local school district chooses which special needs programs will be funded.

If the formula is not fully funded, then the categorical add-on programs may not be fully funded. The system protects against the equity formula being shortchanged and provides more equity in funding. The transportation add-on pays school districts up to 75 percent of the allowable costs of school bus and other transportation. The special education add-on assists districts in providing required educational services to students with disabilities. The special education add-on also includes funding for the Early Childhood Special Education Program that serves children ages three and four. The gifted program add-on provides up to 75 percent of the cost of instructor salaries and materials to provide appropriate opportunities for gifted students.

The remaining categorical add-on programs have received state funding in the past, with the exception of the violence prevention add-on. The Career Ladder Program provides an incentive to teachers, librarians, and counselors who voluntarily participate in professional development activities. The program provides for three career stages with salary supplements of up to \$1,500, \$3,000, and \$5,000. Each stage requires the teacher to obtain a higher level of professional development. This program is financed by state and local matching funds. Each district's local match is determined by its wealth, as measured by its assessed valuation per pupil, with wealthier districts paying a higher local match. In addition, teachers that complete the National Board for Professional Teaching Standards Program are automatically placed in the third career stage.

The Early Childhood Development Program authorizes state reimbursement to school districts that provide any of three programs for preschool children: 1) developmental screening to measure the progress of children and to determine problems, potential problems, or advanced abilities in understanding, use of language, sight, hearing, motor development, health, and physical development; 2) parent education to provide resource materials and guidance to parents to improve learning in the home; and 3) programs for developmentally delayed children to provide individual and group counseling and learning activities to help these children catch up with their peers before entering school.

State funding for vocational education programs serves as an incentive to public schools to offer vocational education programs. Also, some state vocational education funds are distributed to institutions of higher education, state agencies, and business establishments. A complete description of the vocational education distribution can be found later in this budget.

This appropriation also includes state funding for Missouri's State Board Operated Schools. This program is discussed in detail later in this budget.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$200,148,505 other funds for the equity formula.
- \$19,282,290 other funds for the At-Risk Program.
- \$6,460,897 lottery proceeds fund for early childhood special education.
- (\$6,092,500) healthy families trust fund core reduction from the Fiscal Year 2002 appropriation level for the Parents as Teachers Program.
- (\$1,656,600) state school moneys fund core reduction from the Fiscal Year 2002 appropriation level for the Vocational Education Customized Training Program.
- (\$87,500) state school moneys fund core reduction from the Fiscal Year 2002 appropriation level for the Vocational Education High Technology Centers Program.



## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **GENERAL ADMINISTRATION (Continued)**

#### **EARLY GRADE LITERACY PROGRAM**

In addition to the professional development provided to teachers through the foundation formula, additional funding has been provided through this program to help improve early literacy teaching statewide. Funds are used to train Reading Recovery teachers across the state in order to encourage school districts to implement a Reading Recovery Program, train Early Literacy teachers who will work with small groups of at-risk students, and train teacher leaders at approved sites.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SCHOOL FOOD SERVICES**

This program reimburses school districts for food services to enable them to offer nutritionally balanced, low-cost meals for school children. Federal funds, required state matching funds, local funds, and commodities donated by the U.S. Department of Agriculture minimize the meal charge to children.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$4,814,543 federal funds for school food services.
- (\$24,759) core reduction from the Fiscal Year 2002 appropriation level.

#### **SCHOOL BUILDING REVOLVING FUND**

The school building revolving fund represents the receipts of all forfeitures of assets for breach of the penal laws. School districts may submit applications for lease purchases from the fund.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SPECIAL SCHOOL ADVISORS**

Missouri public school teachers who retired prior to July 1, 1957, may apply to become special school advisors and receive a salary supplement of up to \$75 per month from the state to bring their combined income from this program and teacher retirement benefits to \$150 per month.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$600) core reduction from the Fiscal Year 2002 appropriation level.

#### **FAIR SHARE DISTRIBUTION**

Tax receipts from four cents per cigarette pack are deposited in the fair share fund established by Section 149.015, RSMo. Funds are distributed to elementary and secondary schools on the basis of average daily attendance of the school district.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$905,674) fair share fund core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **GENERAL ADMINISTRATION (Continued)**

#### **SCHOOL DISTRICT TRUST FUND DISTRIBUTION**

Proposition C provides a one percent sales tax for elementary and secondary education. Revenue generated by this tax is deposited in the school district trust fund and distributed based on the number of eligible pupils in each school district.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$8,979,148) school district trust fund core reduction from the Fiscal Year 2002 appropriation level.

#### **COUNTY FOREIGN INSURANCE TAX**

The county foreign insurance tax represents the receipts of a two percent per annum tax levied on the direct premiums of insurance companies not based in Missouri but doing business in Missouri. One-half of the net receipts of the county foreign insurance tax from the previous year are distributed by the state to school districts on the basis of the number of school children within each county pursuant to Section 140.360, RSMo.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,498,850) core reduction from the Fiscal Year 2002 appropriation level.

#### **SCHOOL DISTRICT BOND INTERCEPT PROGRAM**

SB 301 (1995) created the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement. The law allows up to \$7 million per year to be transferred from the gaming proceeds for education fund to the school district bond fund.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **FEDERAL GRANTS AND DONATIONS**

The federal grants and donations appropriation provides authority to accept and make use of federal grants and donations that may become available during the fiscal year. The department will notify the House and Senate budget committees and the Office of Administration prior to acceptance of any new financial assistance or grants.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **DIVISION OF OPERATIONS**

#### **DIVISION OF OPERATIONS**

Until Fiscal Year 2002, the Division of Operations consisted of the administration costs for the Divisions of Instruction (now School Improvement), Urban and Teacher Education (now Teacher Quality and Urban Education), Special Education, and Vocational and Adult Education. In Fiscal Year 2002, the divisions and their respective appropriations were separated with the exception of a small amount left for Vocational and Adult Education maintenance of effort purposes.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$200,000) transferred to the Division of School Improvement.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION**

#### **DIVISION OF SCHOOL IMPROVEMENT**

The Division of School Improvement provides consultant services to administrators and teachers in the areas of instruction and curriculum development. The division classifies and accredits school districts through the Missouri School Improvement Program. The division assists school districts in expanding or improving their curriculum and instructional programs. It administers three Outstanding Schools Act programs, including the A+ Schools Program, and provides payments and local program approval for the Early Childhood Development and the Safe Schools Programs. The division also assists school districts in establishing and funding gifted education programs and administers the Missouri Scholars Academy. In addition, the division manages the following federal programs: Compensatory Education, Instructional Improvements Grants, Math/Science Instruction Grant, and Drug Abuse Education.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1,566,273 and 28 staff transferred from the Division of General Administration, including \$719,805 general revenue.
- \$244,930 federal funds transferred from the Division of Special Education.
- \$215,066 and six staff transferred from the Division of Teacher Quality and Urban Education, including \$170,714 general revenue.
- \$200,000 transferred from the Division of Operations.
- \$190,259 transferred from the Division of Vocational and Adult Education, including \$65,052 general revenue.
- (\$167,596) and (four) staff transferred to the Division of General Administration.
- (\$136,205) video instructional development and educational opportunities fund and (1.94) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$82,706) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$2,812) outstanding schools trust fund transferred to the Division of Teacher Quality and Urban Education.

#### **DIVISION OF TEACHER QUALITY AND URBAN EDUCATION**

The Division of Teacher Quality and Urban Education contains the teacher certification, professional conduct and investigation, teacher recruitment and retention, professional development, and urban education sections. The division issues teaching certificates, conducts background checks, and delivers urban education workshops annually on crime, violence, and vandalism prevention in public schools. The division administers the National Board for Professional Teaching Standards Program, the Career Ladder Program, and teacher education assessment.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$136,486 transferred from the Division of Special Education, including \$15,607 general revenue.
- \$144,073 transferred from the Division of Vocational and Adult Education.
- \$2,812 outstanding schools trust fund transferred from the Division of School Improvement.
- (\$170,714) and (3.83) staff transferred to the Division of School Improvement.
- (\$44,352) federal funds and (2.17) staff transferred to the Division of School Improvement.
- (\$40,000) federal funds transferred to the Division of Special Education.
- (\$31,738) core reduction from the Fiscal Year 2002 appropriation level.

#### **GOALS 2000: EDUCATE AMERICA ACT PROGRAM**

The Goals 2000: Educate America Act was approved in 1994. Federal funds provided through this program were distributed to school districts on a grant basis. The grants were used for developing school improvement plans or enhancing teacher pre-service and in-service education. Fiscal Year 2001 marked the final year the federal government awarded Missouri a grant. The program was phased out in Fiscal Year 2002.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$9,271,015) federal funds core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **VIDEO INSTRUCTIONAL DEVELOPMENT AND EDUCATIONAL OPPORTUNITY PROGRAM**

The Video Instructional Development and Educational Opportunity Program provides grants to local school districts and colleges to increase their course offerings through satellite television.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,089,519) video instructional development and educational opportunities fund core reduction from the Fiscal Year 2002 appropriation level.

#### **COMPUTER NETWORKING**

The Outstanding Schools Act established a grant program to help school districts acquire computers, data transmission lines, networking hardware and software, science and mathematics laboratory equipment, and other equipment to promote the use of computers and telecommunications technology. Among other things, the grants assist in expanding the computer network connecting school districts, school buildings, and classrooms across the state with each other and with other educational institutions throughout the world. This network allows Missouri students to access information from libraries and universities worldwide.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$1,381,183 federal funds for the Educational Technology Grants Program.
- (\$3,761,554) core reduction from the Fiscal Year 2002 appropriation level.

#### **TITLE I - COMPENSATORY EDUCATION**

Federal funds are available to local schools under Title I for compensatory education. Entitlements are awarded to school districts, institutions for delinquents, state institutions for the disabled, and adult correctional institutions with inmates under the age of 21. The grants are used to fund programs in remedial math, language arts, and reading.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **TITLE I – READING FIRST GRANT PROGRAM**

Funded through Title I, this grant program provides resources to school districts for teacher professional development focused on reading instruction. The program serves students in the primary grades and a small portion could also be used for purchasing reading materials used for instruction.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$14,908,815 federal funds for the Reading First Grant Program.

#### **FEDERAL INSTRUCTIONAL IMPROVEMENT GRANTS**

Under Title VI, states receive a percentage share of the federal appropriation based on the population from ages 5 through 17 years. Up to 15 percent of the funds may remain at the state level. The remainder of the funds received by a state must be passed through to local educational agencies for local education reform, programs for at-risk youth, professional development, and class size reduction.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **STEPHEN M. FERMAN MEMORIAL FOR EDUCATION OF THE GIFTED**

Mr. Milton Ferman and Mrs. Frieda Morgan Ferman established the Stephen Morgan Ferman Memorial for Education of the Gifted. Donations were made in their son's name, and the annual income may be expended through the state school moneys fund to enhance the educational opportunities of teachers of the gifted.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **MISSOURI SCHOLARS AND FINE ARTS ACADEMIES**

The Missouri Scholars and Fine Arts Academies are three-week summer sessions for gifted students. The academies assist gifted students to achieve their full potential and stimulate the establishment and improvement of programs for gifted students.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **MIDDLE SCHOOL LEADERSHIP ACADEMY**

The Middle School Leadership Academy Program provides financial assistance for a three-day camp attended by approximately 70 middle level student leaders. The students selected for the camp gain skills to create a more positive school climate that can reduce violence and harassment.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **HIGH SCHOOL SCIENCE, MATHEMATICS AND TECHNOLOGY INSTITUTE**

The High School Science, Mathematics and Technology Institute serves approximately 150 students from most of the Kansas City area public, parochial and private high schools, and home-schooled students in a program sponsored by the University of Missouri-Kansas City.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **EARLY CHILDHOOD PROGRAM**

The Early Childhood Program includes funding for Parents as Teachers through the Foundation Program. In addition, funds are provided for grants to schools and community partnerships for early childhood care and education programs.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$100,000 federal funds for the Child Development Associate Training Program.
- (\$365,550) healthy families trust fund core reduction from the Fiscal Year 2002 appropriation level for accreditation and licensing of childcare facilities.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **A+ SCHOOLS PROGRAM**

The Outstanding Schools Act established the A+ Schools Program to award grants to schools. A+ Schools must design programs to ensure that all students graduate from school, complete a challenging course of studies with identified learner expectations, and proceed from graduation to postsecondary education or a high-wage job. The program provides career choices and community college scholarships for students who might otherwise be unable to attend college.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **STUDENT ASSESSMENT PROGRAM**

The Outstanding Schools Act requires the Department of Elementary and Secondary Education to develop a statewide assessment system for districts to determine the degree to which their students are proficient in the knowledge, skills, and competencies necessary to be successful in the workplace and postsecondary education. The assessment must show what students can do as well as what they know.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$7,184,722 federal funds to implement the annual state assessments required by the federal government for grades three through eight.

#### **ADVANCED PLACEMENT AND DUAL CREDIT INCENTIVES**

The budget includes funds to recognize public high school students who perform at a "proficient" or "advanced" level on statewide assessments. School districts will be eligible to receive grants on behalf of eligible students. The grants will pay for courses that lead to college credit for these students.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **TITLE II – IMPROVING TEACHER QUALITY**

Funded through Title II, the federal Improving Teacher Quality Program authorizes grants to state and local education agencies for instructional improvements. School districts have used the funds to upgrade the skills and recruitment of teachers and administrators. These funds may also be used to reduce class sizes.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$23,248,890 federal funds for the Improving Teacher Quality Program.

#### **SCHOOL RENOVATION PROGRAM**

The federal School Renovation Program provides grants to states for urgent school renovation, activities authorized under the Individuals with Disabilities Education Act (IDEA), technology activities related to school renovation, and charter school facility financing.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **SAFE AND DRUG FREE SCHOOLS GRANT**

The Department of Elementary and Secondary Education is eligible, on behalf of schools or groups of schools, for federal assistance under Title IV. The objectives of this program are to establish or designate local or regional advisory councils on drug abuse prevention; to establish or augment drug abuse education and prevention programs for students; and to coordinate school-based drug abuse programs with other programs in the community and with state and local health, drug and alcohol abuse, and law enforcement agencies.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SAFE SCHOOLS GRANTS**

The Safe Schools Grant Program is designed to help school districts implement safe school strategies to meet local needs. The grants can be used to purchase devices to improve physical security; to work with local police departments to provide police officers in school buildings; to develop other programs to increase security; and to place violent, abusive, and disruptive students in alternative education settings.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **PUBLIC CHARTER SCHOOLS PROGRAM**

The Public Charter Schools Program was established to provide federal financial assistance for charter schools. Federal grants are awarded for planning, program design, and initial implementation of a charter school, and state funding is provided for the statutorily required evaluation of Missouri's charter schools.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$30,000) core reduction from the Fiscal Year 2002 appropriation level.

#### **SCHOLARSHIP PROGRAM**

The Scholarship Program established by the Excellence in Education Act of 1985 provides \$2,000 non-renewable scholarships to teacher education students. The department provides \$1,000 of the cost of each scholarship with \$1,000 provided by the participating college or university.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **CARING COMMUNITIES PROJECT**

The Caring Communities Project's goals for children and youth are to remain in school while increasing their levels of success, to remain safely in their homes while avoiding out-of-home placement, and to remain out of the juvenile justice system. The project is being reconfigured to focus assistance to children attending failing schools.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,158,333) federal funds transferred to the Department of Social Services.
- (\$287,100) core reduction from the Fiscal Year 2002 appropriation level.



## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **READ TO BE READY PROGRAM**

HB 889 (1999) established the Read to be Ready Program to provide matching competitive grants to schools to focus on reading assessment, teacher administration, and training in the use of reading assessment and early grade reading intervention strategies for students experiencing reading difficulties.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$6,700,000) lottery proceeds fund core reduction from the Fiscal Year 2002 appropriation level.

#### **COMPREHENSIVE SCHOOL REFORM DEMONSTRATION INITIATIVE**

The Comprehensive School Reform Demonstration Initiative authorizes a research-based reform program that will allow grant awards to public schools for the implementation of whole-school, research-based reforms that qualify for funding.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **FEDERAL ADVANCED PLACEMENT**

The federal Advanced Placement Program assists eligible low-income children in taking Advanced Placement exams for college credit.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$121,000 federal funds for Advanced Placement exam fees for eligible students.

#### **FEDERAL REFUGEE PROGRAM**

The Department of Health and Human Services provides funding through the Refugee Children School Impact Grants Program to states and school districts. The funding defrays some of the cost faced by local school districts with significant numbers of refugee children.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **CHARACTER EDUCATION INITIATIVE**

The Character Education Initiative provides character education teacher training and resources to Missouri school districts. The training and resources will allow schools to emphasize the importance of universal values such as responsibility, respect, trustworthiness, fairness, caring, and citizenship.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS**

Obtaining National Board Certification is a rigorous process that requires teachers to demonstrate they are knowledgeable and highly skilled. This funding is to assist and encourage Missouri teachers to apply for National Board Certification by subsidizing the cost of the application fee and reimbursing local schools for the cost of substitute teachers while the applicants are away from their classrooms.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISIONS OF SCHOOL IMPROVEMENT/TEACHER QUALITY AND URBAN EDUCATION (Continued)**

#### **MISSOURI STATE ACTION FOR EDUCATION LEADERSHIP PROJECT**

The Missouri State Action for Education Leadership Project is a federal grant program designed to further the recruitment, training, and retention of school principals. The grant is funded from the Wallace Readers Digest group through the Council of Chief State School Officers.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$300,000 federal funds for the Missouri State Action for Education Leadership Project.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF VOCATIONAL REHABILITATION**

The Division of Vocational Rehabilitation provides services to Missourians with disabilities to help them overcome impediments to employment. Counseling, training, and medical services are provided based on the specific needs of each client. Vocational rehabilitation counselors evaluate each client and prepare an individual rehabilitation plan.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$787,347 federal funds and 20 staff to handle increased caseload reviews of disability recipient cases.
- \$262,582 and six staff to administer the Personal Care Assistance Program, including \$131,291 general revenue.
- (\$8,740) core reduction for one-time expenditures, including (\$4,370) general revenue.
- (\$7,046) core reduction from the Fiscal Year 2002 appropriation level.

### **VOCATIONAL REHABILITATION GRANT**

The Vocational Rehabilitation Program provides job training, medical assistance, and other services to individuals with disabilities to help them function effectively in the job market. To be eligible for vocational rehabilitation services, a person must have a physical or mental disability that interferes with his or her ability to obtain or hold employment and have a reasonable chance of being able to work in suitable employment if appropriate services are provided.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **INDEPENDENT LIVING GRANT**

The Independent Living Program provides services to severely disabled individuals, including physical and mental restoration, structural modifications to living areas, and equipment purchases that would significantly improve the person's ability to function independently or become employable. Federal funds with a ten-percent state match are used to fund the Independent Living Program. The department employs counselors and utilizes medical services and rehabilitation facilities to thoroughly evaluate the severely disabled individuals eligible for independent living services. An individualized, written, independent living plan is developed for the purpose of providing specific services to clients.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$265,138) transferred to the Independent Living Centers, including (\$33,225) general revenue.

### **DISABILITY DETERMINATIONS GRANT**

The federal Social Security Administration contracts with the Department of Elementary and Secondary Education to determine whether applicants for Social Security benefits meet the necessary criteria for disabilities. The program involves purchasing extensive medical and vocational evaluations. An applicant's cost of travel to examinations is also paid from this grant. The program is funded entirely from federal funds.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **PERSONAL CARE ASSISTANCE**

Many individuals with severe physical disabilities are confined to their homes or to institutions because they are unable to perform routine daily tasks such as bathing, dressing, and eating. The Personal Care Assistance Program provides personal attendant care to such persons to enable them to live more independently, maintain their current employment, or become employable.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$23,514,548 for the Personal Care Assistance Medicaid Program, including \$8,949,549 general revenue.
- (\$4,002,175) core reduction in the Personal Care Assistance Medicaid Program, which is necessary to ensure a balanced budget. Because of the critical importance of this program to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$551,035) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF VOCATIONAL REHABILITATION (Continued)**

#### **INDEPENDENT LIVING CENTERS**

The department is authorized to establish and maintain independent living centers to ensure statewide access for the severely disabled. Centers throughout the state provide disabled Missourians with self-help skills and knowledge to live more independently.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$265,138 transferred from the Independent Living Grant, including \$33,225 general revenue.
- (\$282,174) core reduction from the Fiscal Year 2002 appropriation level.

#### **PROJECT SUCCESS GRANT**

The federal program, Strategies Utilizing Collaboration for Competitive Employment and Self Sufficiency (SUCCESS), authorizes the Missouri Division of Vocational Rehabilitation to expand employment opportunities for individuals with mental or physical disabilities who receive public support. A pilot project will be developed for the Missouri Career Center located in Columbia, Missouri, with the intention to exhibit promising new strategies for replication across Missouri's fourteen workforce investment regions.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$500,000 federal funds for the Project SUCCESS Grant.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF VOCATIONAL AND ADULT EDUCATION**

The Division of Vocational and Adult Education provides individuals with programs and services that supply the technical knowledge and skills needed to prepare for employment. The division also develops state plans for vocational education and adult education and literacy that form the basis for distribution of federal and state funds to local education agencies. Other division responsibilities include reviewing and approving vocational education and adult education programs operated by local education agencies, processing applications for the tests of General Educational Development (GED), and assisting with the development and implementation of skill training programs for unemployed and underemployed adults.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$190,259) transferred to the Division of School Improvement, including (\$65,052) general revenue.
- (\$144,073) transferred to the Division of Teacher Quality and Urban Education.
- (\$2,360) federal funds core reduction for one-time expenditures.

### **DISTRIBUTION TO SCHOOLS**

Grants are provided to educational institutions for improving vocational-technical programs. The grants may be used to provide new programs, enhance curricula, and upgrade equipment and facilities. At least 75 percent of program funding must be used for projects related to occupations with high labor market demand-to-supply ratios.

The state provides financial support to vocational programs located in public school districts, institutions of higher education, state agencies, and business establishments. Programs are designed to prepare individuals for gainful employment. The department distributes federal vocational funds and state funds to local school districts according to guidelines developed in an annual state plan for vocational education. The state and federal funds serve as an incentive to public schools to offer vocational education programs.

Since Fiscal Year 1987, new funds for area vocational schools are distributed through the "Effectiveness Index Formula," which resulted from an intensive study of vocational education completed in 1984. The formula rewards schools that provide programs with high placement rates and high labor market demand-to-supply ratios.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **WORKFORCE INVESTMENT ACT GRANTS**

The federal Workforce Investment Act provides federal funds that can be used for skill training to 15 service delivery areas in Missouri. The service delivery areas contract with the Department of Elementary and Secondary Education to plan, implement, and administer skill training programs. The actual training is conducted by vocational schools, community colleges, or proprietary schools.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **ADULT BASIC EDUCATION**

The Department of Elementary and Secondary Education works with local public schools to establish adult basic education programs. The adult basic education programs provide training in the fundamental skills of English, reading, and mathematics. To enroll in a class, a person must be 16 years of age or older, out of school, and lacking a high school diploma.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF VOCATIONAL AND ADULT EDUCATION (Continued)**

#### **SPECIAL LITERACY GRANT AWARD PROGRAM**

The Special Literacy Grant Award Program was established to respond to the increasing numbers of adults needing adult basic education services. A significant number of adults request services due to the mandatory participation requirements of the federal TANF/FUTURES Program.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SCHOOL-AGE CHILDCARE**

The federal Childcare and Development Block Grant provides funds to house school-aged childcare programs in school buildings when they are not being used for educational classes. Program evaluation and technical assistance are provided to local schools interested in implementing school-age childcare programs. The childcare programs must be in compliance with state and local licensing laws and regulations governing care for school-aged children.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$4,778,758 federal funds for the 21<sup>st</sup> Century Community Learning Centers Program being funded through Title IV.

#### **TROOPS TO TEACHERS**

The Troops to Teachers Program is designed to encourage military personnel transitioning to the civilian labor force to consider teaching as a post-military career.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$100,000 federal funds and 1.5 staff for the Troops to Teachers Program.

#### **VOCATIONAL SCHOOLS CONSTRUCTION**

Since 1965, the department has supported the development and maintenance of a responsive area vocational school network for employment training. Expansions, construction, and improvement projects to existing vocational school facilities is vital to improving the quality of vocational training.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$832,267) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF SPECIAL EDUCATION**

The Division of Special Education is responsible for state and federal special education funds for Missouri public schools. The division also administers the budgets appropriated for the State Schools for the Severely Handicapped, School for the Deaf, and School for the Blind. Staff in the division monitor local school district programs for compliance with state and federal laws. The division also provides technical assistance and distributes state funds to the extended employment sheltered workshops.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$40,000 federal funds transferred from the Division of Teacher Quality and Urban Education.
- (\$244,930) federal funds transferred to the Division of School Improvement.
- (\$136,486) transferred to the Division of Teacher Quality and Urban Education, including (\$15,607) general revenue.
- (\$31,738) core reduction from the Fiscal Year 2002 appropriation level.

### **SPECIAL EDUCATION GRANT**

The Special Education Program provides federal grants to school districts to assist them in education programs and services for disabled children at the preschool, elementary, and secondary levels. The grants are used to purchase instructional and technological equipment and to purchase the services of teachers, ancillary staff, diagnostic staff, and administrators for better management of services to people with disabilities. The funds may also be used to provide in-service training for special education teachers and financial assistance to special education teachers working toward full certification.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$23,052,922 federal funds for special education.

### **EXCESS COSTS/SEVERE DISABILITIES SERVICES**

The Excess Costs/Severe Disabilities Services Program was established to assist school districts in providing special education services to students with severe disabilities that would otherwise attend a State Board Operated School.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,300,000) core reduction from the Fiscal Year 2002 appropriation level, including (\$1,124,512) general revenue.

### **FIRST STEPS**

First Steps is an early childhood intervention program that serves children with severe developmental delays from birth to age two. The Department of Elementary and Secondary Education collaborates with the Departments of Health and Senior Services and Mental Health in providing First Steps services for children.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$5,947,219 federal and other funds for the First Steps Program.

### **DFS/DMH SCHOOL PLACEMENTS**

Children in residential placements through the Division of Family Services or the Department of Mental Health often are enrolled in schools outside their home districts. The state reimburses the districts where these children attend school for certain educational services when the costs exceed the amount received from the children's domiciliary districts and regular state school payments.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,083,935 lottery proceeds fund for education of students publicly placed in a residential facility.

## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **DIVISION OF SPECIAL EDUCATION (Continued)**

#### **OPERATING MAINTENANCE AND REPAIR**

The State Board of Education operates two residential facilities, the School for the Blind in St. Louis and the School for the Deaf in Fulton, and day-school facilities - the State Schools for the Severely Handicapped located throughout the state. These state-owned facilities need routine and preventive maintenance. This program allows maintenance staff to purchase materials and supplies to perform this routine and preventive care.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SPECIAL OLYMPICS**

The Missouri Special Olympics Program sponsors annual statewide events for more than 7,000 children with disabilities. The events include softball, track and field, basketball, soccer, and bowling tournaments. Participants compete regionally to become eligible to attend the statewide competition. All participants in the state events receive ribbons and personal recognition for their efforts.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **SHELTERED WORKSHOPS**

Sheltered workshops are not-for-profit corporations that give people with disabilities a controlled working environment. Programs are designed to enable persons to progress toward normal living and develop their work capacities. A workshop is set up and operated as a business. The manager of the workshop bids on and acquires contracts for work from industries in the community. The Department of Elementary and Secondary Education assists the workshops in management, production, bidding, and pricing techniques.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$922,634) core reduction from the Fiscal Year 2002 appropriation level.

#### **READERS FOR THE BLIND**

The Readers for the Blind Program provides payments of \$500 per year per blind student enrolled in elementary and secondary schools to employ readers. Blind students attending local elementary and secondary schools need reading assistance when Braille or large print materials are unavailable.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **BLIND LITERACY TASK FORCE**

The Blind Literacy Task Force was established to develop goals and objectives to guide the improvement of special education, related services, vocational training, transition from school to work, rehabilitation services, independent living, and employment outcomes for blind and visually-impaired students.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.



## **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

### **BOARD OPERATED SCHOOLS OPERATIONS**

The Missouri School for the Deaf provides elementary and secondary education, both academic and vocational, in a residential environment for deaf- or hearing-impaired students from ages 5 to 21 years. Located in Fulton, Missouri, the school provides separate facilities for primary age, intermediate age, and high school students. To be admitted to the Missouri School for the Deaf, a child must be a resident of Missouri and manifest a hearing loss that seriously limits his or her chances of success in a regular public school program. The school is tuition-free with no charge for room, board, transportation, laundry, or books. In addition to direct educational programs, the school offers extensive outreach and resource services to local educational agencies.

The Missouri School for the Blind, located in St. Louis, Missouri, offers elementary and secondary education, including academic, vocational, and special training, in a residential school environment for blind or visually impaired students from ages 5 to 21. The school provides special teaching methods, materials, and curriculum additions specifically needed by children with vision impairment. A program for students provides diagnosis, evaluation, individualized programming, physical therapy, occupational therapy, speech and language therapy, adaptive physical education, and audiological examinations.

State law mandates that all children in Missouri, regardless of any disabling condition, are entitled to an appropriate educational program. For students too severely disabled to be served effectively by local public schools, the Department of Elementary and Secondary Education operates 37 state schools and contracts with private non-profit agencies to provide educational services for children the state schools cannot practically serve. These schools offer day programs in basic and prevocational training with the ultimate goal of assisting students in functioning semi-independently in their homes and communities. Programs include self-care, sensory and perceptual training, language development, interpersonal relations, home-living, and functional academics. The state provides transportation for the students by contracting for transportation services and by operating state-owned buses. State funding for the State Board Operated Schools is appropriated in the Foundation Program.

### **SCHOOL FOR THE DEAF TRUST FUND**

The School for the Deaf Trust Fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Deaf. The funds are invested or used for program improvements and facility additions at the School for the Deaf. Some funds are specifically donated for awards to students in areas such as scholarship, character, and leadership.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **SCHOOL FOR THE BLIND TRUST FUND**

The School for the Blind Trust Fund was established by law to receive gifts and bequests from individuals who wish to assist the Missouri School for the Blind. The funds are invested or used for program improvements and facility additions at the School for the Blind.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **STATE SCHOOLS FOR THE SEVERELY HANDICAPPED TRUST FUND**

The Handicapped Children's Trust Fund was established to receive gifts and bequests from individuals who wish to assist the State Schools for the Severely Handicapped. The money in the fund is invested each year in short-term securities or used to purchase supplies, equipment, and materials used in the state schools.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

### MISSOURI OCCUPATIONAL INFORMATION COORDINATING COMMITTEE

Federal law requires Missouri to have a coordinating committee to develop an occupational information system to collect and disseminate occupational data and encourage the use of that information by training program planners and persons making career decisions.

#### Fiscal Year 2003 Governor's Recommendations

- \$111,000 federal funds for the Missouri Occupational Information Coordinating Committee.

### COMMISSION FOR THE DEAF

Section 161.400, RSMo, authorized establishment of the Missouri Commission for the Deaf within the Department of Elementary and Secondary Education. Senate Bill 568 (1994) established a Board for Certification of Interpreters within the Commission for the Deaf. The board is responsible for certifying interpreters for the deaf prior to licensure.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

### TRANSFER OF FUNDS TO VIDEO FUND

Funds are transferred from general revenue into the VIDEO fund to meet appropriation obligations for the Video Instructional Development and Educational Opportunities Program.

#### Fiscal Year 2003 Governor's Recommendations

- Total funds to be transferred from general revenue to the VIDEO fund \$ 0

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
General Revenue Fund	\$ 1,600,000	\$ 1,253,224	\$ 0

### TRANSFER OF FUNDS TO OUTSTANDING SCHOOLS TRUST FUND

The Outstanding Schools Act (1993) provides revenues for the formula equity provisions of the act. These revenues are transferred from general revenue into the outstanding schools trust fund to pay for the initiatives in the Outstanding Schools Act.

#### Fiscal Year 2003 Governor's Recommendations

- Total funds to be transferred from general revenue to the outstanding schools trust fund \$ 421,300,000

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
General Revenue Fund	\$ 416,500,000	\$ 451,300,000	\$ 421,300,000

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION

### TRANSFER OF FUNDS TO STATE SCHOOL MONEYS FUND

Funds are transferred from general revenue and the gaming proceeds for education fund to the state school moneys fund to meet appropriation obligations.

#### Fiscal Year 2003 Governor's Recommendations

- Total recommended appropriation from state school moneys fund \$ 2,215,667,931
- Less amount available in state school moneys fund from gaming proceeds, gaming admission fees, cigarette taxes, investment earnings, prior year lapse, Ferman Memorial funds, and the balance (438,448,117)
- Total funds to be transferred from general revenue to state schools moneys fund \$ 1,777,219,814
- Total funds transferred from gaming proceeds for education fund 312,008,542
- Total transferred to the state school moneys fund \$ 2,089,228,356

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
General Revenue Fund	\$ 1,664,302,645	\$ 1,729,063,914	\$ 1,777,219,814
Gaming Proceeds for Education Fund	<u>179,335,388</u>	<u>186,751,000</u>	<u>312,008,542</u>
TOTAL	\$ 1,843,638,033	\$ 1,915,814,914	\$ 2,089,228,356

### TRANSFER OF FUNDS TO SCHOOL DISTRICT BOND FUND

SB 301 (1995) allows up to \$7 million to be transferred from the gaming proceeds for education fund to the school district bond fund for use by the Missouri Health and Education Facilities Authority to pay costs associated with school bond issues and credit enhancement.

#### Fiscal Year 2003 Governor's Recommendations

- (\$1,728,542) gaming proceeds for education fund core reduction from the Fiscal Year 2002 appropriation level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Gaming Proceeds for Education Fund	\$ 7,000,000	\$ 7,000,000	\$ 5,271,458

# DEPARTMENT OF HIGHER EDUCATION

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Higher Education Coordination	\$ 1,206,249	\$ 1,302,093	\$ 1,807,894	\$ 1,113,613
Proprietary School Regulation	210,681	324,928	331,550	324,928
Midwest Higher Education Commission	75,000	82,500	82,500	82,500
Missouri Learner's Network	0	50,000	410,800	410,800
Contracting with Other States	250,000	250,000	250,000	0
State Anatomical Board	2,558	3,069	3,069	3,069
Federal Education Programs	980,635	1,775,225	1,777,522	1,775,226
MOSTARS - Grants and Scholarships	36,139,234	38,377,643	52,555,311	37,148,097
MOSTARS - Gear Up	195,598	1,529,822	1,766,543	1,754,612
MOSTARS - Missouri Student Loan Program	53,687,228	89,115,747	122,107,998	122,009,477
Community Colleges	147,211,255	152,161,759	173,889,068	136,900,582
Technical Colleges	5,345,212	5,210,528	6,756,981	4,689,475
Four-Year Colleges and Universities	767,700,080	814,881,267	898,103,665	729,973,141
University of Missouri - Related Programs	45,942,816	48,833,441	54,915,073	45,282,653
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 1,058,946,546</b>	<b>\$ 1,153,898,022 *</b>	<b>\$ 1,314,757,974</b>	<b>\$ 1,081,468,173</b>
General Revenue Fund	925,407,395	975,672,485	1,106,590,668	878,064,141
Federal Funds	2,000,327	4,305,047	4,454,565	4,740,638
Missouri Student Grant Program Gift Fund	38,894	50,000	50,000	50,000
Lottery Proceeds Fund	77,125,130	79,510,463	79,510,463	74,498,917
Spinal Cord Injury Fund	0	0	0	55,000
State Seminary Moneys Fund	233,122	250,000	250,000	250,000
Healthy Families Trust Fund-Health Care				
Treatment and Accessibility Fund	0	3,400,000	0	0
GEAR UP Scholarship Fund	0	0	200,000	200,000
Proprietary School Bond Fund	0	100,000	100,000	100,000
U.S. Department of Education				
Recall Account Fund	0	0	32,421,670	32,421,670
U.S. Department of Education				
Interest Account Fund	676,912	2,700,420	2,703,614	2,700,420
State Seminary Fund	454,450	1,500,000	1,500,000	1,500,000
Guaranty Agency Operating Fund	8,376,869	16,409,607	16,976,994	16,887,387
Federal Student Loan Reserve Fund	44,633,447	70,000,000	70,000,000	70,000,000
<b>Full-time equivalent employees</b>	<b>72.06</b>	<b>96.83</b>	<b>108.78</b>	<b>97.83</b>

\* Does not include \$378,900 federal funds recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Higher Education supplemental appropriations.

## POLICY SUMMARY

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Despite the current budget problems Governor Holden remains committed to higher education. The Governor's recommendations include initiatives focused on leveraging resources for the improvement of higher education such as the Missouri Bibliographic Information User System, the Missouri Learners' Network, federal grants and other donations, and loan funds for more efficient state financial aid assistance. Also, additional funding is provided to maintain the Governor's support for statewide student assistance programs and to establish a research program focused on spinal cord injuries.

## DEPARTMENT OF HIGHER EDUCATION

### POLICY SUMMARY (Continued)

#### LEVERAGING RESOURCES FOR HIGHER EDUCATION

**Missouri Bibliographic Information User System:** Governor Holden recommends a \$571,366 increase in Fiscal Year 2003 for the Missouri Bibliographic Information User System (MOBIUS) to cover fifty percent of ongoing operating costs from state appropriations. MOBIUS (see <http://mobius.missouri.edu>) operates the Common Library Platform, a state/institutional and public/private partnership that allows students and faculty in Missouri to access approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. Fifty institutions originally created MOBIUS as a consortium to oversee administration of the system. The University of Missouri administers and operates the shared system that officially began operation in January 1999. Forty-three of the 55 participating institutions are currently operational on the Common Library Platform. The holdings of the remaining four charter institutions will be online by July 2002. All participating institutions are presently served by a daily interlibrary loan delivery system. Approximately 14 million volumes can presently be accessed and borrowed by patrons at any of the member colleges and universities through MOBIUS and the interlibrary loan program.

**Missouri Learners' Network:** Governor Holden recommends \$410,800 for Fiscal Year 2003 to support the Missouri Learners' Network (MLN). The MLN is a voluntary, collaborative project among Missouri postsecondary institutions designed to provide a single web access point to distance learning opportunities in Missouri. The MLN web site (<http://www.oseda.missouri.edu/special/mln>) is an electronic catalog of postsecondary, off-campus, credit courses and programs offered by all of Missouri's public two- and four-year colleges and universities, most of the state's independent institutions, and several proprietary and career schools. The MLN shares information and promotes educational opportunities provided by participating institutions for educational programs, courses, and learner services. The Missouri Department of Higher Education has established an affiliation agreement with the Missouri National Guard that seeks to bring together the information resources and institutional connections of the MLN and the educational and distance learning goals of the Missouri National Guard.

**Federal Grant and Other Donations:** Governor Holden recommends \$1 on an open-ended basis in order to allow the Department of Higher Education to pursue and accept federal grants and other donations for higher education programs.

**Missouri Student Assistance Resource Services/E-Government:** Governor Holden recommends \$1,395,780 to promote the integration of Missouri Student Assistance Resource Services (MOSTARS) programs, activities, and services. MOSTARS has the responsibility for several student assistance programs, including early awareness and outreach, consumer information and protection, administration of state student financial assistance programs, and the Federal Family Education Loan Program. This increase will enable MOSTARS to enhance the current organizational structure, management, and delivery of services to serve its institutional and student clients better.

#### ASSISTING STUDENTS

**Missouri College Guarantee Program:** The Missouri College Guarantee Program provides scholarships based on financial need to Missouri students who meet specified academic standards. The program is designed to serve Missouri's neediest students regardless of institutional choice. Governor Holden recommends \$2,750,000 of additional on-going funding for the program, which will provide scholarships for about 1,250 students during the 2002-2003 school year.

**Guarantee Plus Program:** The Guarantee Plus Program leverages federal funds to provide scholarships to needy Missouri students who qualify for assistance under the Missouri College Guarantee Program and who have participated in federal higher education TRIO programs, including Upward Bound and Talent Search. Governor Holden recommends \$200,000 for the program, in order to provide scholarships for up to 100 students during the 2002-2003 school year.

#### PROMOTING HEALTH-RELATED RESEARCH

**Spinal Cord Injury Research:** Governor Holden recommends \$55,000 for a spinal cord injury research program. The Spinal Cord Injury Advisory Board, appointed by the Board of Curators of the University of Missouri, will award funds to investigators for research projects that promote an advancement of knowledge of spinal cord injuries and congenital or acquired disease processes.

## DEPARTMENT OF HIGHER EDUCATION

### POLICY SUMMARY (Continued)

#### LOTTERY PROCEEDS FOR EDUCATION

During Fiscal Year 2003, \$185.8 million will be available from lottery revenues for education. The Governor recommends allocating estimated lottery revenues as follows:

ONGOING BUDGET	
<u>ELEMENTARY AND SECONDARY EDUCATION</u>	
• Character Education	\$ 994,998
• A+ Schools	2,218,484
• * A+ Schools	1,594,896
• Safe Schools/Alternative Schools	5,050,000
• Advanced Placement/Dual Credit	860,048
• Information Technology Grants	500,000
• * Information Technology Grants	6,500,000
• * Foundation Formula	23,071,508
• Transportation	54,747,609
• * Early Childhood Special Education	6,460,897
• Special Education	3,762,000
• Gifted	198,351
• * DFS/DMH Public Placements	2,083,935
• Research Contract	110,880
• Early Grade Literacy	145,000
• State Schools Operating Maintenance and Repair	370,000
• Vocational Rehabilitation	1,400,000
• Minority Scholarships	200,000
• Scholars Academy	158,156
• Test Development	874,321
SUBTOTAL	\$ 111,301,083
<u>HIGHER EDUCATION</u>	
• Four-Year Institutions Operations	\$ 44,870,530
• Four-Year Institutions Operating Maintenance and Repair	20,992,295
• Community Colleges Operations	3,404,617
• Community Colleges Operating Maintenance and Repair	2,291,975
• * Missouri Bibliographic Information User System	189,500
• * Missouri College Guarantee Program	2,750,000
SUBTOTAL	\$ 74,498,917
<b>TOTAL ONGOING</b>	<b><u>\$ 185,800,000</u></b>
* Increased funding	

# DEPARTMENT OF HIGHER EDUCATION

## POLICY SUMMARY (Continued)

### PERFORMANCE MEASURES

**Table 1: Some performance measures the Department of Higher Education uses to evaluate the outcomes of higher education follow.**

	1999	2000	2001
Number of graduates of Missouri public institutions entering Missouri's workforce and average salaries			
Associate degree graduates	6,451	6,355	6,323
Average salary	\$19,755	\$21,651	\$22,395
Percent employed in Missouri	75%	74%	74%
Bachelor degree graduates	15,337	14,984	14,747
Average salary	\$24,956	\$27,277	\$29,131
Percent employed in Missouri	62%	63%	63%
Masters degree graduates	4,120	4,085	4,070
Average salary	\$36,496	\$40,036	\$42,225
Percent employed in Missouri	60%	54%	58%
Doctoral degree graduates	368	395	392
Average salary	\$49,908	\$54,073	\$59,192
Percent employed in Missouri	38%	35%	35%

**Table 2: Some performance measures the Department of Higher Education uses to evaluate the impact of higher education follow.**

	1999	2000	2001
Number of graduates of the higher education system	52,129	53,285	53,994
Percentage of total degrees conferred upon minorities	14.2%	14.0%	15.1%

**Table 3: Some performance measures the Department of Higher Education uses to evaluate access to higher education follow.**

	1999	2000	2001
Number of students applying for student financial assistance	100,000	105,000	110,000
Number of students receiving state student financial assistance	26,350	26,243	26,714
Dollar amount awarded in state student financial assistance	\$34,829,655	\$39,508,347	\$43,926,860

# DEPARTMENT OF HIGHER EDUCATION

## POLICY SUMMARY (Continued)

**Table 4: Some performance measures the Department of Higher Education uses to evaluate the performance of public community colleges follow.**

	1998	1999	2000
<u>Student Advancement</u>			
First year success (24 credit hours and 2.0 GPA by end of spring semester) of first-time, full-time degree seeking freshmen entering in fall	41%	37%	39%
Number of graduates with certificates of one year or more or associate degrees	7,473	7,298	7,526
Percentage of baccalaureate graduates that successfully transferred from a community college with 12 or more credit hours	17.0%	17.7%	17.6%
<u>Quality of Community College Graduates</u>			
Percentage of Associate degree recipients who received pass scores on licensure, certification, or a registration exam that is scored pass/fail	90%	86%	85%
Percentage of certificate completers who received pass scores on licensure, certification, or a registration exam that is scored pass/fail	94%	90%	92%

**Table 5: Some performance measures the Department of Higher Education uses to evaluate the performance of four-year public colleges and universities follow.**

	1998	1999	2000
<u>Student Advancement</u>			
First year success (24 credit hours and 2.0 GPA by spring of first year) of first-time, full-time degree seeking freshmen	72%	72%	72%
Six-year graduation rates for first-time, full-time degree seeking freshmen	49.0%	49.6%	52.1%
<u>Quality of Baccalaureate Program Graduates</u>			
Percentage who scored at or above the 50 <sup>th</sup> percentile on a nationally normed test in general education	59.2%	61.6%	63.2%
Percentage who took a nationally normed test in the major and scored at or above the 50 <sup>th</sup> percentile	58.5%	58.9%	58.2%
Percentage who passed a licensure, certification, or a registration exam	86.6%	87.4%	82.7%
<u>Quality of Prospective Teachers</u>			
Percentage who met teacher program entry standards	68%	67%	70%
Percentage who met teacher program exit standards	56%	59%	60%
<u>Quality of Graduate/Professional Students</u>			
Percentage of graduate/professional students admitted scoring at or above the 50 <sup>th</sup> percentile on relevant admissions examinations			
-- University of Missouri	82%	84%	86%
-- Other Public Universities	60%	61%	58%



## **DEPARTMENT OF HIGHER EDUCATION**

### **HIGHER EDUCATION COORDINATION**

This program includes the Commissioner of Higher Education, the general administrative staff, and the expenses of the Coordinating Board. Under direction of the Coordinating Board, the administrative staff review and coordinate the programs of approximately 70 public and private institutions of higher education. Staff also prepare the Coordinating Board's budget recommendations for public colleges, universities, and community colleges. Other program responsibilities include collecting and distributing student enrollment data and reviewing proposed new degree programs.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$50,000 transferred from community colleges for research related to postsecondary technical education initiatives.
- (\$238,480) and (five) staff in core reduction from the Fiscal Year 2002 appropriation level.

### **PROPRIETARY SCHOOL REGULATION**

Sections 173.600 through 173.618, RSMo, provide for the regulation of proprietary schools operating in the State of Missouri. The Coordinating Board is charged with the authority to issue, revoke, or suspend certificates of approval ensuring that proprietary schools meet minimum state standards; place schools on probation; require each school to file a security bond; and collect data from certified proprietary schools.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **MIDWEST HIGHER EDUCATION COMMISSION**

The Midwest Higher Education Commission is a consortium of states that work together on student exchange agreements, higher education research and policy development, and cost saving programs in which Missouri institutions may participate. Membership in the organization requires payment of annual dues.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **MISSOURI LEARNERS' NETWORK**

The Missouri Learners' Network is a voluntary, collaborative project among Missouri postsecondary institutions designed to provide a single web access point to distance learning opportunities in Missouri. The MLN web site features an electronic catalog of postsecondary, off-campus, credit courses and programs offered by all of Missouri's public two- and four-year colleges and universities, most of the state's independent institutions, and several proprietary and career schools.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$410,800 federal funds to accept funding for MLN from corporate sponsors.
- (\$50,000) core reduction for one-time expenditures.

### **CONTRACTING FOR ACADEMIC PROGRAMS**

The Coordinating Board is authorized by statute to contract with public or independent colleges and universities or with other states to assure that Missouri students have access to professional programs that are not widely available in Missouri institutions. The current program provides access for students studying architecture at Kansas State University and the University of Kansas at in-state tuition rates. In addition, partial reimbursement for waived out-of-state tuition is provided to the University of Missouri-Kansas City Dental School and University of Missouri-St. Louis Optometry School as part of a reciprocal arrangement with the Kansas Board of Regents.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$250,000) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF HIGHER EDUCATION**

### **STATE ANATOMICAL BOARD**

Sections 194.120 through 194.180, RSMo, authorize the State Anatomical Board to collect and distribute human cadavers to qualified medical schools. Expenditures consist of fixed stipends for officers of the board and per capita stipends for doctors with the responsibility for receipt and distribution of bodies. Participating schools pay a per-student assessment of 50 cents which is deposited in general revenue.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **FEDERAL EDUCATION PROGRAMS AND DONATIONS**

The existing Dwight D. Eisenhower Mathematics and Science Education Program provides federal funds for the improvement of science and mathematics instruction in grades K-12. Currently, 16 percent of Missouri's allocation is awarded to the state higher education agency based on a competitive review process. The funds are used to improve the content of courses and the pedagogy of teachers, and ultimately, the learning of students in mathematics and science.

In addition, the Coordinating Board staff will continue to pursue federal grants, foundation resources, and private donations to support new programs.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1 federal funds on an open-ended basis to accept federal grants and donations.

**DEPARTMENT OF HIGHER EDUCATION  
STUDENT FINANCIAL AID - MOSTARS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
<b>MOSTARS GRANTS AND SCHOLARSHIPS</b>				
Administration	\$ 440,294	\$ 417,207	\$ 504,391	\$ 362,661
Academic Scholarship Program	15,787,000	15,787,000	15,787,000	15,787,000
Charles E. Gallagher Grant Program	16,441,424	17,453,436	22,252,951	16,628,436
Public Service Survivor Grant Program	29,498	45,000	45,000	45,000
Vietnam Veterans Survivors Scholarship Program	10,049	15,000	15,000	15,000
Marguerite Ross Barnett Scholarship Program	500,000	550,000	550,000	500,000
Missouri College Guarantee Program	0	1,925,000	10,470,000	2,750,000
Advantage Missouri Program	2,930,969	2,185,000	2,930,969	1,060,000
GEAR-UP PROGRAM	195,598	1,529,822	1,766,543	1,754,612
<b>MISSOURI STUDENT LOAN PROGRAM</b>				
Administration	8,468,958	12,721,347	13,285,940	13,202,407
U.S. Department of Education Recall Account	0	0	32,421,670	32,421,670
Federal Loan Compliance	584,823	5,000,000	5,000,000	5,000,000
E-Government	0	1,394,400	1,400,388	1,385,400
Federal Student Loan Reserve Fund	44,633,447	70,000,000	70,000,000	70,000,000
<b>DIVISIONAL TOTAL</b>	<b>\$ 90,022,060</b>	<b>\$ 129,023,212</b>	<b>\$ 176,429,852</b>	<b>\$ 160,912,186</b>
<b>PERSONAL SERVICE</b>				
General Revenue Fund	270,970	256,513	343,697	218,036
Federal Funds	102,820	277,770	264,491	252,560
Other Funds	1,450,924	2,318,521	2,671,326	2,578,525
<b>EXPENSE AND EQUIPMENT</b>				
General Revenue Fund	169,324	166,414	166,414	144,625
Federal Funds	92,778	54,480	604,480	604,480
Other Funds	7,602,857	14,901,506	15,119,282	15,119,282
<b>PROGRAM SPECIFIC DISTRIBUTION</b>				
General Revenue Fund	39,547	60,000	60,000	60,000
Federal Funds	0	1,197,572	897,572	897,572
Other Funds	44,633,447	71,890,000	104,311,670	104,311,670
<b>FUND TRANSFERS</b>				
General Revenue Fund	34,796,405	36,850,436	50,940,920	32,925,436
Federal Funds	824,094	1,000,000	1,000,000	1,000,000
Other Funds	38,894	50,000	50,000	2,800,000
<b>TOTAL</b>	<b>\$ 90,022,060</b>	<b>\$ 129,023,212</b>	<b>\$ 176,429,852</b>	<b>\$ 160,912,186</b>
General Revenue Fund	35,276,246	37,333,363	51,511,031	33,348,097
Federal Funds	1,019,692	2,529,822	2,766,543	2,754,612
Other Funds	53,726,122	89,160,027	122,152,278	124,809,477
<b>Full-time equivalent employees</b>				
	48.50	70.83	80.43	76.83

## **DEPARTMENT OF HIGHER EDUCATION**

### **STUDENT FINANCIAL AID - MOSTARS (Continued)**

MOSTARS (Missouri Student Assistance Resource Services) is the Coordinating Board's "one-stop shop" for student financial assistance. The various programs and services offered by MOSTARS provide access to higher education for those in financial need and encourage Missouri's top academic achievers to attend Missouri institutions. The MOSTARS staff administers seven state and federal student financial aid programs, through which approximately 142,000 eligible students receive grants, scholarships, and loans totaling over \$465 million annually.

#### **ADMINISTRATION OF GRANT AND SCHOLARSHIP PROGRAMS**

Administration of the grant and scholarship programs includes determining an applicant's eligibility for a grant, determining the amount of individual grants, issuing payments, and monitoring school financial aid offices for compliance with program requirements.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$54,546) and (one) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### **ACADEMIC SCHOLARSHIP PROGRAM**

The Academic Scholarship Program ("Bright Flight") provides \$2,000 scholarships for Missouri high school graduating seniors scoring in the top three percent of all Missouri students taking either the American College Test (ACT) or the Scholastic Aptitude Test (SAT) of the College Board. The students must use the scholarship to attend a Missouri college or university. The scholarships are renewable up to a total of ten semesters. An estimated 8,300 students will be awarded scholarships in Fiscal Year 2003.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **CHARLES E. GALLAGHER GRANT PROGRAM**

The Charles E. Gallagher Student Financial Assistance (Missouri Student Grant) Program provides non-repayable grants to eligible Missouri postsecondary students of up to a maximum of ten semesters based on the lesser of: (a) demonstrated financial need; (b) one-half the tuition and fees of the previous year; or (c) \$1,500.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$825,000) core reduction for one-time expenditures.

#### **PUBLIC SERVICE SURVIVOR GRANT PROGRAM**

The Public Service Survivor Grant Program provides educational benefits to the children and spouses of certain public employees killed or permanently and totally disabled in the line of duty. An eligible child, up to the age of 24, or an eligible spouse may receive a grant to enroll in a program leading to a certificate, associate degree, or baccalaureate degree at an approved public or private postsecondary institution. The grant may not exceed the amount paid in tuition by a full-time undergraduate Missouri resident at the University of Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **VIETNAM VETERANS SURVIVORS SCHOLARSHIP PROGRAM**

The Vietnam Veterans Survivors Scholarship Program, authorized by Section 173.236, RSMo, provides educational benefits to the spouse or child of a veteran of the Vietnam War whose death was caused by exposure to toxic chemicals. The maximum award may not exceed the amount of tuition and/or fees paid by a full-time undergraduate Missouri resident at the University of Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF HIGHER EDUCATION**

### **STUDENT FINANCIAL AID - MOSTARS (Continued)**

#### **MARGUERITE ROSS BARNETT SCHOLARSHIP PROGRAM**

The Marguerite Ross Barnett Scholarship Program provides grants to part-time undergraduate students who are employed and compensated for at least 20 hours per week and who have financial need. The maximum award may not exceed the amount of tuition and/or fees paid by a part-time undergraduate Missouri resident at the University of Missouri.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$50,000) core reduction for one-time expenditures.

#### **MISSOURI COLLEGE GUARANTEE PROGRAM**

The Missouri College Guarantee Program provides scholarships based on financial need to students that meet specified academic standards. The program is designed to serve Missouri students most in need regardless of institutional choice.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$2,750,000 lottery proceeds fund for scholarships.
- (\$1,925,000) core reduction for one-time expenditures.

#### **ADVANTAGE MISSOURI PROGRAM**

The Advantage Missouri Program is a loan and loan forgiveness program designed to address workforce needs in high demand occupations. Students enrolling in an academic program in an occupational field of high demand may apply for a loan that will forgive one year of the loan for each year the student works in Missouri in that specified field. The current targeted occupational areas are biomedical/biotechnology, advanced manufacturing technology, and computer technology.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,125,000) core reduction to reflect the General Assembly's intent to phase-out this program.

#### **GEAR UP AND STATEWIDE INITIATIVES PROGRAMS**

The Department of Higher Education has been awarded a federal GEAR UP grant that will help improve the educational attainment of Missouri citizens by providing early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services. These activities promote equal access to educational excellence through partnership efforts on behalf of low-income, underrepresented students, and ensure that targeted students have access to rigorous courses that prepare them for college. Nineteen Missouri middle schools with more than 3,000 sixth grade students are participating in the GEAR UP program. In addition, federal funds are no longer available for the School-to-Work Initiative beginning in Fiscal Year 2003.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$200,000 GEAR UP scholarship fund on an open-ended basis for Guarantee Plus scholarships.
- \$50,000 federal funds for purchase of vehicles for GEAR UP regional coordinators.
- (\$25,210) federal funds and (1) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI STUDENT LOAN PROGRAM AND ADMINISTRATION**

The Missouri Student Loan Program provides repayable loans to parents and students through commercial lending institutions. Since its inception in 1979, the program has guaranteed approximately 1.4 million loans totaling over \$4 billion. In Fiscal Year 2003, approximately 450 lending institutions will participate in loaning funds to about 102,000 students attending more than 220 eligible institutions. The Missouri program uses outside contractors to process and service its loans. The MOSTARS staff administers activities including outreach service to students, schools, and lenders; the administration of the Administrative Wage Garnishment and Automated Transfer of Money programs; general loan program administration; and functions necessary to oversee contractor services and ensure compliance with state and federal law.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$32,421,670 higher education public law 105-33 recall account to return loan program funds to the U.S. Department of Education.
- \$1,395,780 guaranty agency operating fund and eight staff to upgrade state financial aid databases, to integrate core student financial assistance functions and services, and to replace and maintain imaging equipment.
- (\$918,000) guaranty agency operating fund core reduction for one-time expenditures.
- (\$5,720) core reduction from the Fiscal Year 2002 appropriation level.

## DEPARTMENT OF HIGHER EDUCATION

### AID TO PUBLIC COMMUNITY COLLEGES

The budget recommendations for Missouri public community colleges are based on the recommendations developed by the Coordinating Board. The 12 institutions (17 campuses) eligible to receive state aid are: Crowder College in Neosho; East Central College in Union; Jefferson College in Hillsboro; Metropolitan Community College - four campuses in the Kansas City area; Mineral Area College in Park Hills; Moberly Area Community College in Moberly; North Central Missouri College in Trenton; Ozarks Technical Community College in Springfield; St. Charles County Community College in St. Peters; St. Louis Community College - three campuses in St. Louis City and County; State Fair Community College in Sedalia; and Three Rivers Community College in Poplar Bluff.

The Coordinating Board formula recommendations are calculated based on three main categories of requests: adjustments to institution programs and infrastructure, performance funding, and statewide priorities for higher education. The Coordinating Board recommends several categories of adjustments to institutions including: inflationary adjustment (calculated as the current year planned unrestricted education and general expenditures inflated by 3.4 percent); base budget adjustment; campus technology infrastructure; maintenance and repair (calculated as 5 percent of previous year core state appropriations); and campus teaching/learning improvement projects. The Coordinating Board recommends performance funding based on institutional performance on several measures related to student performance, and performance in delivery of postsecondary technical education.

For Fiscal Year 2003, the Coordinating Board recommends funding of \$173,889,068 for community colleges, an increase of 14.3 percent over Fiscal Year 2002 ongoing appropriations. The following table summarizes the Fiscal Year 2003 increases recommended by the Coordinating Board.

#### **Fiscal Year 2003 Increases for Public Community Colleges Recommended by the Coordinating Board**

- State Aid to Community Colleges Annual Adjustment	\$ 3,603,493
- Workforce Preparation Annual Adjustment	673,918
- Postsecondary Technical Education Annual Adjustment	845,750
- Out-of-District Annual Adjustment	48,639
- Base Adjustment – St. Charles Community College and Three Rivers Community College	307,993
- Campus Technology Infrastructure	3,181,723
- Maintenance and Repair	1,823,447
- Campus Teaching/Learning Projects	20,867
- Performance Funding-Statewide Measures	3,386,746
- Performance Funding-Mission-Based Measures	3,064,733
- Targeted Service Initiatives	<u>4,820,000</u>
<b>TOTAL</b>	<b><u>\$ 21,777,309</u></b>

**DEPARTMENT OF HIGHER EDUCATION  
AID TO PUBLIC COMMUNITY COLLEGES (Continued)**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Aid to Community Colleges	\$ 102,429,296	\$ 105,905,781	\$ 126,114,783	\$ 95,386,572
Out-of-District Programs	1,387,649	1,430,566	1,479,205	1,287,509
Workforce Preparation	19,226,477	19,821,112	20,495,030	17,839,001
Postsecondary Technical Education Initiatives	24,167,833	25,004,300	25,800,050	22,387,500
<b>TOTAL</b>	<b>\$ 147,211,255</b>	<b>\$ 152,161,759</b>	<b>\$ 173,889,068</b>	<b>\$ 136,900,582</b>
General Revenue Fund	141,071,596	145,832,212	167,559,521	131,203,990
Lottery Proceeds Fund	6,139,659	6,329,547	6,329,547	5,696,592

**Fiscal Year 2003 Governor's Recommendations**

- (\$15,211,177) core reduction from the Fiscal Year 2002 appropriation level, including (\$14,578,222) general revenue.
- (\$50,000) transferred to higher education coordination for research related to postsecondary technical education initiatives.

**LINN STATE TECHNICAL COLLEGE**

Senate Bill 101 (1995) established Linn State Technical College with a statewide mission to offer highly specialized and advanced technical education and training at the certificate and associate degree level in both emerging and traditional technologies. The Coordinating Board's recommendation for Fiscal Year 2003 includes inflationary increases (\$177,158), campus technology infrastructure (\$68,277), maintenance and repair (\$218,659), operation and maintenance of facilities opening in Fiscal Year 2002 (\$154,617), campus teaching/learning projects (\$13,875), performance funding – statewide measures (\$137,064), performance funding – mission-based measures (\$31,803), and statewide priorities/program development (\$745,000), totaling \$1,546,453, a 29.7 percent increase over the Fiscal Year 2002 ongoing appropriations.

**Fiscal Year 2003 Governor's Recommendations**

- (\$521,053) core reduction from the Fiscal Year 2002 appropriation level.

## DEPARTMENT OF HIGHER EDUCATION

### PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION

The budget recommendations for Missouri's ten public, four-year institutions of higher education are based on the recommendations developed by the Coordinating Board. Missouri's public, four-year institutions of higher education include: (a) the comprehensive universities - Central Missouri State University at Warrensburg, Southeast Missouri State University at Cape Girardeau, Southwest Missouri State University at Springfield, and Northwest Missouri State University at Maryville; (b) the three state colleges - Missouri Southern State College at Joplin, Missouri Western State College at St. Joseph, and Harris-Stowe State College at St. Louis; (c) the state liberal arts university - Truman State University at Kirksville; and (d) the land grant universities - Lincoln University at Jefferson City and the University of Missouri. Truman, Lincoln, and the comprehensive universities offer both graduate and undergraduate programs. The state colleges offer undergraduate programs. The programs of the University of Missouri include the operations of the University of Missouri campuses at Columbia, Kansas City, Rolla, and St. Louis. The University of Missouri offers undergraduate, graduate, doctoral, professional degrees, and comprehensive research and public services activities.

The Coordinating Board formula recommendations are calculated based on three main categories of requests: adjustments to institution programs and infrastructure, performance funding, and statewide priorities for higher education. The Coordinating Board recommends several categories of adjustments to institutions including: inflationary adjustment (calculated as the greater of core state appropriations or sixty percent current year planned unrestricted education and general expenditures inflated by 3.4 percent); base budget adjustment; campus technology infrastructure; maintenance and repair (calculated as 1.25 percent of estimated non-auxiliary facility replacement value); operation and maintenance of new facilities; and campus teaching/learning improvement projects. The Coordinating Board recommends performance funding, distributed by FTE enrollment, based on institutional performance on several measures related to mission, student performance, mission enhancement, and institution specific measures.

The total Coordinating Board recommendation for four-year institutions is \$898,103,665, an increase of 10.7 percent above the Fiscal Year 2002 appropriation level. The following table summarizes the Fiscal Year 2003 increases recommended for four-year institutions by the Coordinating Board.

#### **Fiscal Year 2003 Increases for Public Four-Year Institutions Recommended by the Coordinating Board**

- Annual Adjustment	\$ 32,717,912
- Base Adjustment – SMSU, MSSC, MWSC	3,876,206
- Campus Technology Infrastructure	5,500,000
- Maintenance and Repair	15,616,051
- Operation and Maintenance of Facilities Opening in Fiscal Year 2002	3,816,896
- Campus Teaching/Learning Projects	376,916
- Performance Funding-Statewide Measures	14,206,582
- Performance Funding-Mission-Based Measures	3,238,221
- Statewide Priorities	<u>7,673,614</u>
<b>TOTAL</b>	<b><u>\$ 87,022,398</u></b>



**DEPARTMENT OF HIGHER EDUCATION  
PUBLIC FOUR-YEAR INSTITUTIONS OF HIGHER EDUCATION (Continued)**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Central Missouri State University	\$ 59,849,214	\$ 61,775,221	\$ 67,017,982	\$ 55,597,699
Harris-Stowe State College	10,280,779	11,259,249	12,496,682	10,133,324
Lincoln University	17,924,082	19,620,117	20,804,487	17,298,105
Missouri Southern State College	20,754,608	21,346,501	25,014,619	19,211,851
Missouri Western State College	21,249,586	21,906,789	24,984,405	19,716,110
Northwest Missouri State University	31,246,355	32,212,737	35,743,446	28,991,464
Southeast Missouri State University	48,939,445	50,303,899	55,020,280	45,273,509
Southwest Missouri State University	84,701,773	89,216,251	100,984,961	80,294,626
Truman State University	43,987,230	46,787,660	51,117,570	42,108,894
Subtotal	338,933,072	354,428,424	393,184,432	318,625,582
University of Missouri	428,767,008	460,452,843	504,919,233	411,347,559
TOTAL	\$ 767,700,080	\$ 814,881,267	\$ 898,103,665	\$ 729,973,141
General Revenue Fund	696,714,609	738,300,351	824,922,749	664,110,316
Lottery Proceeds Fund	70,985,471	73,180,916	73,180,916	65,862,825
Healthy Families Trust Fund-Health Care Treatment and Accessibility Fund	0	3,400,000	0	0

**Fiscal Year 2003 Governor's Recommendations**

- (\$81,108,126) core reduction from the Fiscal Year 2002 appropriation level, including (\$73,790,035) general revenue.
- (\$3,800,000) core reduction for one-time expenditures, including (\$400,000) general revenue.

**DEPARTMENT OF HIGHER EDUCATION  
UNIVERSITY OF MISSOURI – RELATED PROGRAMS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
MOBIUS	\$ 2,804,118	\$ 649,539	\$ 2,548,284	\$ 1,220,905
MOREnet	10,216,571	12,968,625	16,013,692	12,138,000
University Hospital and Clinics	9,389,246	9,679,635	10,008,743	8,711,671
Ellis Fischel Cancer Center	4,444,525	4,581,985	4,737,772	4,123,786
Missouri Rehabilitation Center	10,580,212	10,907,435	11,278,288	9,816,691
Missouri Institute of Mental Health	2,478,727	2,555,389	2,642,272	2,299,850
Missouri Kidney Program	4,329,190	4,463,082	4,614,827	4,016,774
State Historical Society	994,359	1,025,112	1,059,966	922,601
Alzheimer's Research Program	18,296	252,639	261,229	227,375
Spinal Cord Injury	0	0	0	55,000
State Seminary Investments	454,450	1,500,000	1,500,000	1,500,000
State Seminary Income on Investments	233,122	250,000	250,000	250,000
<b>TOTAL</b>	<b>\$ 45,942,816</b>	<b>\$ 48,833,441</b>	<b>\$ 54,915,073</b>	<b>\$ 45,282,653</b>
General Revenue Fund	45,255,244	47,083,441	53,165,073	43,288,153
Lottery Proceeds Fund	0	0	0	189,500
Spinal Cord Injury Fund	0	0	0	55,000
State Seminary Fund	233,122	250,000	250,000	250,000
State Seminary Moneys Fund	454,450	1,500,000	1,500,000	1,500,000

**UNIVERSITY OF MISSOURI – RELATED PROGRAMS**

The University of Missouri has administrative responsibility for a range of programs that are related to its institutional mission, but are not a part of the education and general operations: Missouri Bibliographic Information User System (MOBIUS), Missouri Research and Education Network (MOREnet), University Hospital and Clinics, Ellis Fischel Cancer Center, Missouri Rehabilitation Center, Missouri Institute of Mental Health, Missouri Kidney Program, the State Historical Society, Alzheimer's Research Program, Spinal Cord Injury Research Program, and investments and interest from state seminary fund and state seminary moneys fund.

**MISSOURI BIBLIOGRAPHIC INFORMATION USER SYSTEM (MOBIUS)**

The Missouri Bibliographic Information User System, also known as MOBIUS, is a consortium of academic libraries with member colleges and universities in the state of Missouri. Fifty charter members began the project in January 1999. The largest single project for which MOBIUS is responsible is the Common Library Platform (CLP) project. The Common Library Platform is an example of state/institutional and public/private partnerships that allow academic libraries to share approximately \$1 billion worth of library books and materials owned by the public and independent colleges and universities in Missouri. The University of Missouri serves as the host site to administer and operate the shared system hardware and software.

**Fiscal Year 2003 Governor's Recommendations**

- \$571,366 for ongoing operations, including \$381,866 general revenue.

**MISSOURI RESEARCH AND EDUCATION NETWORK (MOREnet)**

MOREnet operates a shared network infrastructure for elementary and secondary education, higher education, public libraries, and community information networks. This shared network infrastructure includes connections to the Internet and a statewide backbone with hubs to connect each site. MOREnet integrates voice, video, and data transmissions, as well as handles the ever-increasing demand for network capacity to conduct research.

**Fiscal Year 2003 Governor's Recommendations**

- (\$830,625) core reduction for one-time expenditures.

## **DEPARTMENT OF HIGHER EDUCATION**

### **UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)**

#### **HOSPITAL AND CLINICS**

The University of Missouri-Columbia operates a teaching facility for medical, nursing, and other health care field students. In addition, the facility provides inpatient care, outpatient care, and specialized medical services to both area residents and persons referred from throughout the state. The hospital budget includes costs associated with providing patient care and maintenance of the facility. Instructional and research activity costs are included in the university's general operating budget.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$967,964) core reduction from the Fiscal Year 2002 appropriation level.

#### **ELLIS FISCHER CANCER CENTER**

The Ellis Fischer Cancer Center provides comprehensive medical treatment, conducts clinical research, and offers education to both health professionals and Missourians at large.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$458,199) core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI REHABILITATION CENTER**

The Missouri Rehabilitation Center provides medical treatment for traumatic brain injury, comprehensive rehabilitation services, pulmonary/ventilator rehabilitation, tuberculosis treatment, terminal and acute care, and outpatient services.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,090,744) core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI INSTITUTE OF MENTAL HEALTH**

The Missouri Institute of Mental Health, operated by the School of Medicine of the University of Missouri at Columbia, is a mental health research and teaching institute that provides educational and staff support to the Department of Mental Health. The institute researches the basic causes of mental illness and methods for improved patient care and operates training programs for mental health professionals.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$255,539) core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI KIDNEY PROGRAM**

The Missouri Kidney Program enables Missourians with end-stage renal disease to obtain treatment. The program contracts with federally approved dialysis centers and facilities and pays those costs of dialysis or kidney transplantation not paid by other sources such as Medicare, Medicaid, and private insurance. Patients' drugs, transportation expenses, and medical bills are paid by the program, along with the needed medical equipment and supply costs.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$446,308) core reduction from the Fiscal Year 2002 appropriation level.

#### **STATE HISTORICAL SOCIETY**

The State Historical Society of Missouri is directed by statute to collect, preserve, publish, and make accessible those materials that pertain to the history of Missouri and western America. The staff conduct research projects, publish the quarterly Missouri Historical Review, and produce other publications.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$102,511) core reduction from the Fiscal Year 2002 appropriation level.

## DEPARTMENT OF HIGHER EDUCATION

### UNIVERSITY OF MISSOURI – RELATED PROGRAMS (Continued)

#### ALZHEIMER'S RESEARCH PROGRAM

The program funds research that will advance knowledge concerning Alzheimer's Disease and related disorders. Research awards are made by an advisory board to investigators in public or private educational, health care, and research institutions and other voluntary health associations.

#### Fiscal Year 2003 Governor's Recommendations

- (\$25,264) core reduction from the Fiscal Year 2002 appropriation level.

#### SPINAL CORD INJURY RESEARCH

The program, established by HB 218 (2001) and HB 302 & 38 (2001), funds research that will advance knowledge concerning spinal cord injuries and congenital or acquired disease processes. Research awards are made by an advisory board to investigators in public or private educational, health care, and research institutions and other voluntary health associations.

#### Fiscal Year 2003 Governor's Recommendations

- \$55,000 spinal cord injury fund for research projects focused on spinal cord injuries and congenital or acquired disease processes.

#### STATE SEMINARY FUND INVESTMENTS AND INTEREST ON INVESTMENTS

The state seminary fund consists of the proceeds of the sale of land donated to the state, proceeds from a direct tax received from the United States, the James S. Rollins scholarship fund, and others. Income from the state seminary moneys fund is given to the University of Missouri as required by Article IX, Section 6, Missouri Constitution, and by Chapter 172.610, RSMo.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

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# DEPARTMENT OF REVENUE

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Division of Administration	\$ 18,479,313	\$ 19,621,802	\$ 20,510,773	\$ 18,770,132
Division of Taxation	33,327,556	36,933,638	38,335,774	33,839,469
Division of Motor Vehicle and Drivers Licensing	31,914,622	35,776,284	40,173,768	36,519,029
Highway Reciprocity Commission	1,259,271	1,578,305	2,390,769	1,578,305
State Tax Commission	3,501,846	3,751,930	3,854,665	3,404,946
Refunds and Distributions	1,355,704,780	1,331,103,246	1,382,546,363	1,386,163,578
State Lottery Commission	105,004,086	127,711,781	126,802,547	126,607,616
DEPARTMENTAL TOTAL	\$ 1,549,191,474	\$ 1,556,476,986	\$ 1,614,614,659	\$ 1,606,883,075
General Revenue Fund	1,172,535,919	1,141,049,833	1,193,079,652	1,190,156,129
Federal Funds	173,164	2,530,953	3,479,453	3,479,453
Health Initiatives Fund	56,372	100,402	101,432	100,402
Gaming Proceeds for Education Fund	20,799	0	25,000	25,000
Gaming Commission Fund	0	500,000	25,000	25,000
Division of Aging Elderly Home				
Delivered Meals Trust Fund	20,998	21,604	21,871	21,604
Solid Waste Management Fund	802	0	25,000	25,000
Petroleum Storage Tank Insurance Fund	23,019	38,587	24,171	23,615
Motor Vehicle Commission Fund	660,214	679,133	683,287	679,133
Conservation Commission Fund	492,953	506,054	517,348	506,054
State School Moneys Fund	20,706	25,000	25,000	25,000
Department of Revenue Information Fund	920,183	929,364	934,459	929,364
State Highways and Transportation				
Department Fund	91,838,660	92,655,726	98,643,074	94,053,028
Workers' Compensation Fund	1,669,902	1,171,774	1,669,902	1,669,902
Second Injury Fund	149,025	498,966	498,966	498,966
Lottery Enterprise Fund	105,004,086	127,711,781	126,802,547	126,607,616
Petroleum Inspection Fund	30,444	30,809	31,497	30,809
Motor Fuel Tax Fund	175,550,102	188,000,000	188,000,000	188,000,000
Fair Share Fund	9,114	11,000	11,000	11,000
Aviation Trust Fund	15,012	16,000	16,000	16,000
Full-time equivalent employees	2,175.68	2,277.88	2,286.88	2,216.88

## DEPARTMENT OF REVENUE

### POLICY SUMMARY

The Department of Revenue serves as the primary revenue collection agency for the State of Missouri. The department strives to ensure that all taxes and fees owed the state are paid, that taxpayers are served conscientiously and efficiently, and that revenues are collected at minimal administrative expense.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

#### Tax Amnesty

The Governor proposes a tax amnesty program for a two-month period in the fall of 2002. The state has tried a tax amnesty program just once in its history. The program implemented in the early 1980s during a recession brought in only a minimal amount of money. The failure of that amnesty program was due to a number of things including limited advertising. In addition, the earlier tax amnesty program was conducted by the Department of Revenue under its limited authority, which prevents the director from waiving interest. States that have successfully implemented tax amnesty programs have allowed for waiving interest and penalties, thus giving individuals and businesses a greater incentive to come forward and properly report their tax liability. Governor Holden recommends:

- \$150,000 to advertise a tax amnesty program.

#### Highway Safety

The Department of Revenue is responsible for maintaining timely and accurate driving records, and for suspending, revoking, and disqualifying driving privileges. In order to ensure that unsafe drivers are removed from Missouri highways, Governor Holden recommends:

- \$948,500 to enhance the sharing of information on commercial and non-commercial drivers with the federal government and other states.

Some performance measures the Department of Revenue uses to evaluate its goal of efficiently serving Missourians follow:

	1999	2000	2001
Average number of days to process an individual income tax refund			
– Tax forms submitted before April 15*	14.0 days	4.7 days	3.4 days
– Tax forms submitted after April 15*	N/A	14.1 days	12.1 days
Delinquent individual taxes collected (millions)	\$76.9	\$91.3	\$75.5
Delinquent business taxes collected (millions)	<u>\$104.0</u>	<u>\$117.9</u>	<u>\$116.9</u>
Total	\$180.9	\$209.2	\$192.4
Cost to produce a motor vehicle title	\$3.55	\$3.52	\$2.54

\*Excludes tax returns with mistakes and tax returns containing property tax credit claims.

## **DEPARTMENT OF REVENUE**

### **DIVISION OF ADMINISTRATION**

The Office of the Director is responsible for the processing and enforcement of tax and licensing functions. The administrative staff is responsible for all budgetary, accounting, and fiscal operations of the department. The legal counsel assists the divisions with their respective statutory functions, provides research and legislative assistance, and oversees the filing of administrative rules. The personnel office is responsible for recruiting and training employees, in addition to maintaining personnel records. The general services staff provides custodial, mail, and motor pool services. The criminal investigation bureau investigates suspected tax, motor vehicle, and driver's license fraud, and prepares cases for prosecution.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$560,000 for postage for Article X refunds.
- \$59,172 state highways and transportation department fund and three staff transferred from the Division of Motor Vehicle and Drivers Licensing Central Office.
- \$36,732 and one staff transferred from the Division of Taxation, including \$14,693 general revenue.
- (\$1,461,714) and (22) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$30,888) state highways and transportation department fund and (one) staff transferred to the Division of Motor Vehicle and Drivers Licensing Central Office.
- (\$14,972) petroleum storage tank inspection fund for one-time expenditures.

### **DIVISION OF TAXATION**

Division of Taxation staff prepares tax forms, processes returns, maintains records of tax revenues, and assists the public. The central processing bureau is responsible for the initial processing of tax returns and related documents. The field audit bureau is comprised of seven Missouri offices and four out-of-state offices. Field staff audits sales/use, motor fuel, and corporate income taxes. The tax administration bureau is responsible for administering the financial institutions tax, city and state sales/use taxes, motor fuel tax, cigarette tax, individual income tax, corporate income tax, employer withholding tax, inheritance tax, and senior and disabled citizen tax credits. The taxpayer assistance bureau is responsible for collecting unpaid taxes and provides assistance to taxpayers at seven regional offices throughout the state.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$150,000 to advertise the Tax Amnesty Program.
- \$30,000 for supplies to mail Article X refunds.
- \$97,704 and five staff transferred from the Division of Motor Vehicle and Drivers Licensing Central Office, including \$18,132 general revenue.
- (\$2,450,757) and (33) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$884,384) state highways and transportation department fund core reduction for one-time expenditures.
- (\$36,732) and (one) staff transferred to the Division of Administration, including (\$14,693) general revenue.

## **DEPARTMENT OF REVENUE**

### **DIVISION OF MOTOR VEHICLE AND DRIVERS LICENSING**

#### **Central Office**

The Division of Motor Vehicle and Drivers Licensing is responsible for titling, taxing, and registering motor vehicles and motor boats, and for administering the mandatory automobile liability insurance program. The drivers licensing bureau issues and renews operator and commercial drivers' licenses and maintains records of these transactions. The motor vehicle bureau titles and registers motor vehicles and marine vessels, and collects sales/use tax, city sales tax, and other vehicle charges. The motor vehicle bureau is also responsible for licensing motor vehicle manufacturers, motor vehicle dealers, and boat dealers in Missouri. When circumstances warrant such action, this bureau performs field investigations to determine whether license revocation proceedings should be undertaken. The field services bureau oversees 180 branch and agent offices that provide drivers' licensing, motor vehicle titling, and registration services.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$948,500 federal funds for the Federal Motor Carrier Safety Fund Application Interface System Redesign.
- \$30,888 state highways and transportation department fund and one staff transferred from the Division of Administration.
- (\$97,704) and (five) staff transferred to the Division of Taxation, including (\$18,132) general revenue.
- (\$59,172) state highways and transportation department fund and (three) staff transferred to the Division of Administration.
- (\$54,815) core reduction from the Fiscal Year 2002 appropriation level.

#### **Branch Offices**

Branch offices provide individual driver's licensing, motor vehicle titling, and registration services in the metropolitan areas. These offices are responsible for collecting, depositing, and accounting for all applicable taxes and fees, and provide information and assistance to Missouri citizens.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$24,952) and (one) staff in core reduction from the Fiscal Year 2002 appropriation level.

### **HIGHWAY RECIPROCITY COMMISSION**

The Highway Reciprocity Commission is responsible for annual registration of commercial vehicles for interstate operation. Through the Multi-State Agreement, Uniform Proration Agreement, and International Registration Plan, the commission has entered into reciprocal agreements with all other states and four Canadian provinces to ensure proper registration and collection of fees from regulated commercial vehicles.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **STATE TAX COMMISSION**

The State Tax Commission is responsible for maintaining equalized assessed land valuations among Missouri's 114 counties and the city of St. Louis. In carrying out these responsibilities, the commission hears appeals from local boards of equalization on individual cases and corrects assessments that it determines to be unlawful, unfair, or arbitrary. The commission also establishes the taxable valuation for public service and utility companies operating in Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$346,984) and (five) staff in core reduction from the Fiscal Year 2002 appropriation level.



**DEPARTMENT OF REVENUE  
REFUNDS AND DISTRIBUTIONS SUMMARY**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Refunds from General Revenue Fund	\$ 1,001,177,716	\$ 1,068,300,000	\$ 1,110,600,000
Article X Refunds	98,856,167	0	5,950,034
Federal and Other Funds Refunds	21,601	500,000	75,000
State Share of Assessment Maintenance Costs	17,824,473	18,218,433	18,218,433
Certification Compensation	96,525	100,800	100,800
County Stock Insurance Tax	150,000	150,000	150,000
Refunds from the State Highways and Transportation Department Fund	2,147,711	2,015,448	2,147,711
Commercial Drivers' License Information System Fees	264,132	275,000	275,000
Problem Driver Pointer System	83,648	180,500	180,500
Attorney Fees	0	15,000	15,000
Motor Fuel Tax Distribution to Cities and Counties	175,550,102	188,000,000	188,000,000
Aviation Trust Fund Refunds	15,012	16,000	16,000
Motor Fuel Tax Refunds	44,219,423	42,070,000	44,219,423
Prosecuting Attorneys and Collection Agencies	2,154,797	2,728,000	2,728,000
County Filing Fees	142,538	200,000	200,000
Refunds from Workers' Compensation Fund	1,669,902	1,171,774	1,669,902
Refunds from Second Injury Fund	149,025	498,966	498,966
Tobacco Tax Refunds	39,981	86,000	86,000
Refunds from Motor Vehicle Commission Fund	7,891	12,000	12,000
Multistate Tax Commission Dues	207,735	232,101	174,701
Debt Offset Refunds	10,512,884	6,000,000	10,512,884
Income Tax Refund Designations	413,517	333,224	333,224
<b>TOTAL</b>	<b>\$ 1,355,704,780</b>	<b>\$ 1,331,103,246</b>	<b>\$ 1,386,163,578</b>
General Revenue Fund	1,131,536,352	1,096,262,558	1,148,968,076
Health Initiatives Fund	10,161	50,000	50,000
Gaming Proceeds for Education Fund	20,799	0	25,000
Gaming Commission Fund	0	500,000	25,000
Solid Waste Management Fund	802	0	25,000
Motor Vehicle Commission Fund	7,891	12,000	12,000
State School Moneys Fund	20,706	25,000	25,000
State Highways and Transportation Department Fund	46,714,914	44,555,948	46,837,634
Workers' Compensation Fund	1,669,902	1,171,774	1,669,902
Second Injury Fund	149,025	498,966	498,966
Motor Fuel Tax Fund	175,550,102	188,000,000	188,000,000
Fair Share Fund	9,114	11,000	11,000
Aviation Trust Fund	15,012	16,000	16,000

**REFUNDS FROM GENERAL REVENUE**

This appropriation is utilized to refund erroneous payments or overpayments of individual and corporate income taxes and other miscellaneous taxes that have been credited to general revenue.

**Fiscal Year 2003 Governor's Recommendations**

- \$42,300,000 for a total recommendation of an estimated \$1,110,600,000.

## **DEPARTMENT OF REVENUE**

### **REFUNDS AND DISTRIBUTIONS (Continued)**

#### **Article X Refunds**

Article X, Sections 16-24, Constitution of Missouri, requires refunds to taxpayers when the limit on total state revenues established in Article X is exceeded by one percent or more. The excess revenues are to be refunded pro rata based upon taxpayer liability reported on the Missouri state income tax returns filed following the close of the fiscal year in which the revenue limit was exceeded.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,934,346 for Fiscal Year 1998 taxpayer refunds required under Article X, Constitution of Missouri.
- \$3,015,688 for Fiscal Year 1999 taxpayer refunds required under Article X, Constitution of Missouri.

### **REFUNDS FROM FEDERAL AND OTHER FUNDS**

This appropriation is utilized to refund erroneous payments or overpayments of taxes that have been credited to funds besides general revenue.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$425,000) other funds core reduction from the Fiscal Year 2002 appropriation level for a total recommendation of an estimated \$75,000.

### **STATE SHARE OF ASSESSMENT MAINTENANCE COSTS**

The state reimburses a portion of the costs and expenses for maintaining property assessments and preparing assessment lists and tax bills for township assessors, county assessors, and the St. Louis City Assessor. The state also reimburses all county assessors, except those in first-class chartered counties, on a quarterly basis provided they remain certified with the State Tax Commission.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **COUNTY STOCK INSURANCE TAX**

The county stock insurance tax is a two percent per annum tax levied on direct premiums received by stock insurance companies doing business in the State of Missouri. Through the provisions of Section 148.330, RSMo, the receipts of the county stock insurance tax are distributed by the state to the county treasurers and treasurers of the school districts of counties in which stock insurance companies are located.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **REFUNDS FROM THE STATE HIGHWAYS AND TRANSPORTATION DEPARTMENT FUND**

When an overpayment or error is made on a transaction credited to the state highways and transportation department fund, the difference is refunded to the individual or business involved.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$132,263 state highways and transportation department fund for a total recommendation of an estimated \$2,147,711.

## **DEPARTMENT OF REVENUE**

### **REFUNDS AND DISTRIBUTIONS (Continued)**

#### **COMMERCIAL DRIVERS' LICENSING INFORMATION SYSTEM**

The federal Commercial Motor Vehicle Safety Act of 1986 required states to develop uniform commercial drivers' licensing systems or face the loss of federal highway funds. HB 3 (1989 Special Session) made the necessary changes to Missouri law to implement the commercial drivers' licensing information system.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **PROBLEM DRIVER POINTER SYSTEM**

The federal government required states to implement a problem driver pointer system by April 1995 to identify and manage problem drivers or face the loss of federal highway funds.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **ATTORNEY FEES**

The Department of Revenue is required by Section 302.536, RSMo, to pay court costs and attorney fees of persons who have an appellate court reversal of a Section 302.535, RSMo, (DWI) suspension or revocation.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES**

Article IV, Section 30(a)(2), Constitution of Missouri, requires 15 percent of the net proceeds from the motor fuel tax collections be allocated to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways.

Article IV, Section 30(a)(1), Constitution of Missouri, requires that ten percent of the net proceeds from motor fuel tax collections be distributed to the counties to assist in the maintenance of county roads, highways, and bridges. On August 4, 1992, voters approved Constitutional Amendment No. 8 to require that 15 percent of the net proceeds resulting from any increase in the motor fuel tax rate over the rate in effect on March 31, 1992, be distributed to the counties to assist in the maintenance of county roads, highways, and bridges.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **REFUNDS FROM AVIATION TRUST FUND**

Taxes paid by commercial agricultural aircraft operators for aviation fuel used in commercial agricultural aircraft must be refunded upon application for a refund.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **DEPARTMENT OF REVENUE**

### **REFUNDS AND DISTRIBUTIONS (Continued)**

#### **MOTOR FUEL TAX REFUNDS**

Section 142.230, RSMo, provides for refunds of taxes paid on fuel used to propel non-highway vehicles. Refunds of fuel taxes paid to propel agricultural, marine, and industrial/commercial vehicles are examples of allowable non-highway refunds. Unclaimed marine refunds are transferred to counties having at least 100 miles of shoreline for the purpose of maintaining county roads and bridges.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,149,423 state highways and transportation department fund for a total recommendation of an estimated \$44,219,423.

#### **PAYMENTS TO PROSECUTING ATTORNEYS AND COLLECTION AGENCY FEES**

Section 136.150, RSMo, provides for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by circuit or prosecuting attorneys. The collection fee is deposited in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines. This incentive program provides additional resources to counties and a five-to-one benefit/cost ratio to the state.

The Department of Revenue is authorized by Section 140.850, RSMo, to use commercial collection agencies to collect delinquent personal income taxes owed by resident and non-resident taxpayers. The statutes permit payment of a collection fee not to exceed 25 percent of the amount collected. This program provides at least a four-to-one benefit/cost ratio to the state.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **COUNTY FILING FEES**

The Department of Revenue is authorized to file tax liens on property owned by taxpayers that are delinquent in income tax or sales/use tax. County recorders charge the Department of Revenue a fee of \$3.00 for the filing of each tax lien and a fee of \$1.50 for each release of a tax lien filed on property owned by taxpayers that are delinquent in income tax or sales/use tax.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **REFUNDS FROM THE WORKERS' COMPENSATION FUND**

The Department of Revenue is required to issue refunds for overpayment of workers' compensation taxes paid by insurance companies. Estimated quarterly tax payments are made based on the prior year's activity. If actual taxes owed are less than the estimated payments, this appropriation is used to refund the overpayment.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$498,128 workers' compensation fund for a total recommendation of an estimated \$1,669,902.

#### **REFUNDS FROM THE SECOND INJURY FUND**

This appropriation is utilized by the Department of Revenue to refund any overpayment of funds to the second injury fund.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## DEPARTMENT OF REVENUE

### REFUNDS AND DISTRIBUTIONS (Continued)

#### TOBACCO TAX REFUNDS

These funds are used to make refunds for overpayments or erroneous payments of amounts that have been credited to the health initiatives fund, state school moneys fund, and the fair share fund for tobacco taxes.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

#### REFUNDS FROM THE MOTOR VEHICLE COMMISSION FUND

These funds are utilized to make refunds for overpayments or erroneous payments of amounts that have been credited to the motor vehicle commission fund.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

#### MULTISTATE TAX COMMISSION DUES

The Multistate Tax Commission and Compact facilitate determination of the tax liability of multi-state taxpayers, promote uniformity and compatibility in tax systems, avoid duplicative taxation, and provide taxpayer convenience in filing tax returns.

#### Fiscal Year 2003 Governor's Recommendations

- (\$57,400) core reduction from the Fiscal Year 2002 appropriation level.

#### DEBT OFFSET REFUNDS

Chapter 143, RSMo, provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim through the established administrative hearings process, the escrow funds are returned to the state agency and/or the payee.

#### Fiscal Year 2003 Governor's Recommendations

- \$4,512,884 for a total recommendation of an estimated \$10,512,884.

#### INCOME TAX REFUND DESIGNATIONS

State statutes permit individuals and corporations to contribute a portion of any income tax refunds that they are owed to four separate state trust funds. The four trust funds include the children's trust fund (Section 210.174, RSMo), the division of aging elderly home delivered meals trust fund (Section 660.078, RSMo), the veterans' trust fund (Section 42.140, RSMo) and the Missouri National Guard trust fund (Section 41.215, RSMo). The amounts designated by taxpayers for distribution to the four trust funds are transferred from the general revenue fund.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

## DEPARTMENT OF REVENUE

### STATE LOTTERY COMMISSION

The Missouri State Lottery was established by voter approval of Constitutional Amendment No. 5 on November 6, 1984. On August 2, 1988, voters approved Constitutional Amendment No. 3 to revise the lottery prize structure and certain promotional restrictions.

#### Fiscal Year 2003 Governor's Recommendations

- (\$753,165) lottery enterprise fund core reduction from the Fiscal Year 2002 appropriation level.
- (\$351,000) lottery enterprise fund core reduction for one-time expenditures.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Operating Expense			
Personal Service	\$ 6,432,492	\$ 6,901,724	\$ 6,901,724
Expense and Equipment	36,332,049	40,810,057	39,705,892
Prizes	62,239,545	80,000,000	80,000,000
TOTAL			
Lottery Enterprise Fund	\$ 105,004,086	\$ 127,711,781	\$ 126,607,616
Full-time equivalent employees	175.80	178.50	178.50

### LOTTERY ENTERPRISE FUND TRANSFER

Section 39(b) of Article III of the Missouri Constitution provides that a minimum of 45 percent of moneys received from the sale of lottery tickets shall be paid as prizes. On August 4, 1992, voters approved Constitutional Amendment No. 11 to dedicate net lottery proceeds to fund public institutions of elementary, secondary, and higher education.

#### Fiscal Year 2003 Governor's Recommendations

- \$185,800,000 lottery enterprise fund transfer to the lottery proceeds fund.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Lottery Enterprise Fund	\$ 156,918,454	\$ 155,980,484	\$ 185,800,000

# DEPARTMENT OF TRANSPORTATION

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Highway Administration	\$ 37,184,209	\$ 37,842,973	\$ 38,272,717	\$ 34,773,576
Fringe Benefits	86,573,730	92,731,338	102,651,457	96,760,765
Service Operations	87,732,297	102,773,991	106,884,948	99,748,380
Highway Maintenance	232,785,379	231,711,846	241,990,708	226,209,013
Highway Construction	995,992,918	1,667,010,220	1,343,584,633	1,209,008,629
Mississippi River Parkway Commission	36,327	37,500	46,500	0
Multimodal Operations and Programs	49,197,127	61,257,131	86,036,565	43,573,592
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 1,489,501,987</b>	<b>\$ 2,193,364,999</b>	<b>\$ 1,919,467,528</b>	<b>\$ 1,710,073,955</b>
General Revenue Fund	16,483,238	17,230,184	42,896,104	1,957,858
Federal Funds	27,917,595	36,261,496	35,945,819	35,922,296
State Road Fund	1,102,533,294	1,779,270,383	1,460,334,617	1,320,236,205
State Highways and Transportation				
Department Fund	337,678,961	352,585,267	372,856,953	346,068,798
State Transportation Fund	1,159,207	1,615,438	1,625,122	94,529
State Transportation Assistance				
Revolving Fund	770,000	1,350,000	740,340	740,340
Aviation Trust Fund	2,959,692	5,052,231	5,068,573	5,053,929
<b>Full-time equivalent employees</b>	<b>6,559.35</b>	<b>6,803.00</b>	<b>6,800.00</b>	<b>6,543.25</b>

## POLICY SUMMARY

The Governor's Fiscal Year 2003 budget recommendations for the Department of Transportation include \$1,880,798,512 for Missouri's transportation system. State, federal, and local funds are combined to provide funding for highway maintenance and construction, transit programs, and related administrative activities. The budget supports over 32,000 miles of state highways, urban and rural transit systems, transportation programs for the elderly and handicapped citizens, public airports, port authorities, passenger rail, and freight rail rehabilitation projects.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

### Preserving and Enhancing Missouri's Road and Bridge System

Missouri is a crossroads for national and international traffic because of its central location. As a result, the condition of the state's road and bridge system greatly impacts the efficient movement of people and goods across North America. Missouri's road and bridge system is the seventh largest in the nation, which provides considerable opportunities for improving the state economy. However, due to its size, a considerable investment is necessary to preserve and enhance the system. In 2000, the Department of Transportation was authorized to issue up to \$2.25 billion in bonds to finance road and bridge projects. The department has issued \$450 million in bonds, and plans to issue another \$204 million in Fiscal Year 2002. For Fiscal Year 2003, Governor Holden recommends:

- \$100,000,000 to utilize highway bond proceeds and interest earnings for road and bridge projects.
- \$19,695,000 in savings from administrative and other functions transferred to the construction program.

## DEPARTMENT OF TRANSPORTATION

### POLICY SUMMARY (Continued)

Some performance measures the Department of Transportation uses to evaluate its goal of preserving and improving Missouri's transportation system to enhance safety and encourage prosperity follow:

	1998	1999	2000
Rate of vehicle accidents per 100 million miles traveled (state system only)	211.58	193.03	185.45
Rate of injury accidents per 100 million vehicle miles (state system only)	61.82	56.03	53.98
Rate of fatal accidents per 100 million vehicle miles (state system only)	1.73	1.57	1.55
Vehicle miles traveled annually (state system only)	45.4 billion	46.9 billion	47.0 billion
Percent of bridges with a "Good" or "Better" rating	34.5%	33.8%	35.4%

	1999	2000	2001
Amtrak ridership	202,261	204,766	207,928
Barge tonnage loaded/unloaded at Missouri ports	3,274,410	3,686,952	3,521,671
Missouri Elderly and Handicapped Transportation Assistance Program – number of trips provided	4,901,498	4,922,574	4,516,407



## DEPARTMENT OF TRANSPORTATION

### HIGHWAY ADMINISTRATION

This section includes divisions that support the activities of the Highways and Transportation Commission, as well as the central functions of highway planning, design, right-of-way acquisition, finance, and district engineer activities.

#### Fiscal Year 2003 Governor's Recommendations

- (\$2,097,877) state highways and transportation department fund and (30) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$971,520) state highways and transportation department fund and (28) staff transferred to highway maintenance.

### FRINGE BENEFITS

This section includes the costs of providing retirement benefits, medical and life insurance, and workers' compensation for all Department of Transportation employees that are members of the Highway Employees and Highway Patrol Retirement System.

#### Fiscal Year 2003 Governor's Recommendations

- \$12,432,266 federal and other funds for increased fringe benefit costs.
- (\$8,402,839) core reduction from the Fiscal Year 2002 appropriation level, including (\$36,324) general revenue.

### SERVICE OPERATIONS

This program consists of the General Services and Information Systems Divisions. General Services provides fleet and facilities management, graphic services, procurement, and other special services. Information Systems provides support for information technology, networks, and systems.

#### Fiscal Year 2003 Governor's Recommendations

- (\$3,025,611) state highways and transportation department fund and (19.5) staff in core reduction from the Fiscal Year 2002 appropriation level.

### HIGHWAY MAINTENANCE

This program maintains the state road system through road and shoulder rehabilitation, bridge repair and maintenance, snow and ice removal, and mowing, among other activities.

#### Fiscal Year 2003 Governor's Recommendations

- \$971,520 state highways and transportation department fund and 28 staff transferred from highway administration.
- (\$6,474,353) state highways and transportation department fund and (127.25) staff in core reduction from the Fiscal Year 2002 appropriation level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
PERSONAL SERVICE			
State Highways and Transportation Department Fund	\$ 116,591,156	\$ 121,934,646	\$ 118,943,290
EXPENSE AND EQUIPMENT			
State Road Fund	115,648,727	109,777,200	107,265,722
PROGRAM SPECIFIC DISTRIBUTION			
State Road Fund	545,496	0	1
TOTAL	\$ 232,785,379	\$ 231,711,846	\$ 226,209,013
State Road Fund	116,194,223	109,777,200	107,265,723
State Highways and Transportation Department Fund	116,591,156	121,934,646	118,943,290
Full-time equivalent employees	3,593.14	3,686.00	3,586.75

## DEPARTMENT OF TRANSPORTATION

### HIGHWAY CONSTRUCTION

This program includes activities such as land acquisition, letting of contracts for road and bridge construction, construction monitoring, and transportation enhancement activities.

#### Fiscal Year 2003 Governor's Recommendations

- \$100,000,000 state road fund to utilize bond proceeds for road and bridge projects.
- \$68,365,408 state road fund for design of highways and bridges, right-of-way acquisition, and payments to contractors.
- \$23,040,214 state road fund for debt service on outstanding road bonds issued by the Department of Transportation.
- \$19,908,137 state road fund redirected from operational savings within the department to the construction program.
- (\$669,315,350) other funds and (82) staff in core reduction from the Fiscal Year 2002 appropriation level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
PERSONAL SERVICE			
State Highways and Transportation Department Fund	\$ 81,533,551	\$ 82,773,807	\$ 78,882,934
EXPENSE AND EQUIPMENT			
State Road Fund	888,884,867	55,263,520	899,136,189
PROGRAM SPECIFIC DISTRIBUTION			
State Road Fund	25,574,500	1,528,972,893	230,989,506
TOTAL	\$ 995,992,918	\$ 1,667,010,220	\$ 1,209,008,629
State Road Fund	914,459,367	1,584,236,413	1,130,125,695
State Highways and Transportation Department Fund	81,533,551	82,773,807	78,882,934
Full-time equivalent employees	1,933.72	1,995.00	1,913.00

### MISSISSIPPI RIVER PARKWAY COMMISSION

The Mississippi River Parkway Commission (MRPC) is a local component of the national MRPC established by Congress in the Federal Aid Highway Act of 1954. The MRPC's primary function is to promote the Great River Road that extends along the Mississippi River from the Trans-Canadian Highway to the Gulf of Mexico. Signs along the highway identify lakes, streams, bridges, historical sites, unusual or beautiful land formations, and legendary areas.

#### Fiscal Year 2003 Governor's Recommendations

- (\$37,500) core reduction from the Fiscal Year 2002 appropriation level.

**DEPARTMENT OF TRANSPORTATION  
MULTIMODAL OPERATIONS AND PROGRAMS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Multimodal Operations	\$ 9,318,811	\$ 11,953,080	\$ 2,939,173
Transit Programs			
Capital Assistance for Transportation of Elderly and Handicapped Citizens	1,881,116	1,600,739	1,600,739
State Aid for Transportation of Elderly, Handicapped, and Low-Income Citizens	2,855,419	2,943,732	1,444,464
Urban Transit Grants	533,422	3,974,641	3,974,641
Small Urban and Rural Transportation	4,714,196	5,106,574	5,106,574
Public Transit Capital Grants	9,214,410	12,000,000	12,000,000
Planning Grants	698,879	908,000	908,000
Railroad Programs			
Local Rail Freight Assistance Program	0	350,378	1
State Amtrak Assistance	6,047,000	6,200,000	0
Amtrak Station Improvements and Advertising	161,134	150,000	0
Aviation Programs			
State Aid to Airports	2,959,692	4,600,000	4,600,000
Federal Aviation Assistance	10,358,961	11,000,000	11,000,000
Waterways Programs			
Port Authority Financial Assistance	454,087	469,987	0
<b>TOTAL</b>	<b>\$ 49,197,127</b>	<b>\$ 61,257,131</b>	<b>\$ 43,573,592</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	658,295	367,215	330,945
Federal Funds	284,588	469,659	469,659
State Highways and Transportation Department Fund	161,535	162,996	162,996
State Transportation Fund	21,070	45,187	45,187
Aviation Trust Fund	0	326,960	326,960
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	82,194	151,006	252,606
Federal Funds	120,342	650,000	650,000
State Road Fund	13,251	15,000	15,000
State Transportation Fund	0	25,000	0
Aviation Trust Fund	41,597	16,150	2,328,851
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	8,428,474	8,153,028	1,257,173
Federal Funds	27,449,828	35,011,832	34,661,455
State Transportation Fund	1,130,920	1,532,420	32,420
State Transportation Assistance Revolving Fund	770,000	1,350,000	740,340
Aviation Trust Fund	2,918,095	4,612,701	2,300,000
<b>FUND TRANSFERS</b>			
General Revenue Fund	7,116,938	8,367,977	0
<b>TOTAL</b>	<b>\$ 49,197,127</b>	<b>\$ 61,257,131</b>	<b>\$ 43,573,592</b>
General Revenue Fund	16,285,901	17,039,226	1,840,724
Federal Funds	27,854,758	36,131,491	35,781,114
State Road Fund	13,251	15,000	15,000
State Highways and Transportation Department Fund	161,535	162,996	162,996
State Transportation Fund	1,151,990	1,602,607	77,607
State Transportation Assistance Revolving Fund	770,000	1,350,000	740,340
Aviation Trust Fund	2,959,692	4,955,811	4,955,811
<b>Full-time equivalent employees</b>	<b>23.76</b>	<b>28.00</b>	<b>27.00</b>

## **DEPARTMENT OF TRANSPORTATION MULTIMODAL OPERATIONS AND PROGRAMS**

### **MULTIMODAL OPERATIONS**

The director for Multimodal Operations, supported by professional and accounting staff, is responsible for overseeing the performance of duties in the areas of transit, railroads, aviation, and waterways.

The transit section is responsible for evaluation and coordination of local applications for transit assistance, assessment of statewide transit needs, completion of local transit development studies, negotiation of service contracts for elderly and handicapped transportation, and monitoring of all contracts for compliance. In addition, the section provides training and technical assistance to special and general transportation providers as specified under the transit provisions in Chapter 53 of Title 49, United States Code.

The railroad section's duties include planning, promotion, and development of improved rail freight and passenger service in and through Missouri and retention of rail service. These measures are necessary to ensure that the rail industry remains a viable and useful component in the nation's and the state's economy.

The aviation section is responsible for maintaining the state airport systems plan, which is updated annually through on-site inspections. Aviation staff also provides administrative and engineering assistance to local governments to secure available federal grants and successfully implement airport improvement plans.

Waterways personnel assists local port authorities in the promotion of waterborne transportation through the provision of technical assistance and planning grants that the port authorities utilize for managerial, engineering, legal, research, planning, promotional, and other related expenses.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$7,531,179) core reduction for transit grants, which is necessary to ensure a balanced budget. Because of the critical importance of this program to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$1,482,728) and (one) staff in core reduction from the Fiscal Year 2002 appropriation level, including (\$873,068) general revenue.

### **CAPITAL ASSISTANCE FOR TRANSPORTATION OF ELDERLY AND DISABLED CITIZENS**

Section 5310 provides capital assistance to local not-for-profit transportation providers and public entities serving the elderly and people with disabilities. These grants require a 20 percent local match for bus, van, and related equipment purchases. The department's transit section evaluates applications from local providers and executes contracts in accordance with federal guidelines. Vehicles secured through the program are monitored by the transit section on a monthly basis with respect to the type and extent of use.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **STATE AID FOR TRANSPORTATION OF ELDERLY, DISABLED, AND LOW-INCOME CITIZENS**

The Missouri Elderly and Handicapped Transportation Assistance Program (MEHTAP) provides state financial assistance to help defray operating costs incurred by not-for-profit transporters of the elderly and people with disabilities. State funds are used to supplement local, private, and federal funds available to these transit operators.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,349,341) core reduction in the MEHTAP, which is necessary to ensure a balanced budget. Because of the critical importance of this program to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$149,927) core reduction from the Fiscal Year 2002 appropriation level.

**DEPARTMENT OF TRANSPORTATION  
MULTIMODAL OPERATIONS AND PROGRAMS (Continued)**

**URBAN TRANSIT GRANTS**

Section 5307 provides capital assistance and operating subsidies for public transportation systems in cities of 50,000 to 200,000 population. The cities of Columbia, Springfield, St. Joseph, and Joplin are eligible for grants under this program. Funds may be used to pay up to 80 percent of eligible capital expenses such as vehicle and equipment purchases, as well as to offset up to 50 percent of operating losses. The department's transit section is responsible for certification of local transit planning processes, processing applications for assistance, and monitoring funds under contract in this program.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**SMALL URBAN AND RURAL TRANSPORTATION DEVELOPMENT**

Federal funds authorized under Section 5311 may be used to assist small urban and rural areas under 50,000 population to acquire capital equipment and finance the operation of public transit programs. An 80 percent federal match is available for capital acquisitions, while a 50 percent federal match is available for operating losses and administrative expenses.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**PUBLIC TRANSIT CAPITAL GRANTS**

Section 5309 provides federal financial assistance for the purchase of capital items. The Federal Transit Administrator approves all grant applications and establishes the match ratio. Applicants are responsible for providing the local share.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**PLANNING GRANTS**

Section 5303 provides federal financial assistance for metropolitan transit planning activities in six metropolitan areas - St. Louis, Kansas City, Springfield, Columbia, St. Joseph, and Joplin. Each metropolitan area is required to provide a 20 percent local share to match the 80 percent federal share. This program supports demographic forecasting, corridor studies, transit service analysis, route and schedule evaluation, financial capacity analysis, special needs investigations, and transit management studies.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**LOCAL RAIL FREIGHT ASSISTANCE PROGRAM**

Federal financial assistance is provided for acquisition, rehabilitation, improvement, or rail facility construction assistance through Section 5 of the Department of Transportation Act.

**Fiscal Year 2003 Governor's Recommendations**

- (\$350,377) federal funds core reduction from the Fiscal Year 2002 appropriation level.

**DEPARTMENT OF TRANSPORTATION  
MULTIMODAL OPERATIONS AND PROGRAMS (Continued)**

**STATE AMTRAK ASSISTANCE/AMTRAK STATION IMPROVEMENTS AND ADVERTISING**

Missouri participates in the federal Amtrak program, which requires the state to pay a portion of the operating losses for the "St. Louis - Kansas City Mule" and "Ann Rutledge" train service. Program costs depend upon revenues received from ridership and actual operating costs. The state also provides funding for an Amtrak advertising and station improvement program.

**Fiscal Year 2003 Governor's Recommendations**

- (\$4,825,000) core reduction in the Amtrak program, which is necessary to ensure a balanced budget. Because of the critical importance of this program to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$1,525,000) state transportation fund core reduction from the Fiscal Year 2002 appropriation level.

**STATE AID TO AIRPORTS/FEDERAL AVIATION ASSISTANCE**

Section 305.230, RSMo, provides for an aviation trust fund to be used for providing matching grants to public airports for capital improvements; preventive maintenance of runways, taxiways, and aprons; and for emergency repairs on safety-related items. Aviation trust fund moneys may also be used for printing and distribution of state aeronautical charts and state airport directories.

State grants and local contributions are used to match federal funds on a 50/50 (state/local) matching basis. Priority for the allocation of state grants is given to applicants that have projects with the best chance for federal grant funding. Federal funds are provided to local airports on a 90/10 (federal/local) matching basis.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**STATE AID TO PORT AUTHORITIES**

State aid is available to local port authorities for administration, planning, and development activities such as financial and engineering studies. Port authorities currently active and receiving assistance are the Howard/Cooper County Regional Port Authority, Jefferson County Port Authority, Pemiscot County Port Authority, Southeast Missouri Regional Port Authority, Mississippi County Port Authority, New Madrid County Port Authority, New Bourbon Port Authority, St. Joseph Regional Port Authority, Lewis County-Canton Missouri Port Authority, and the Ports of Kansas City, St. Louis, and St. Louis City.

**Fiscal Year 2003 Governor's Recommendations**

- (\$400,488) core reduction in the port assistance program, which is necessary to ensure a balanced budget. Because of the critical importance of this program to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$69,499) core reduction from the Fiscal Year 2002 appropriation level.

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# OFFICE OF ADMINISTRATION

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Commissioner's Office	\$ 46,113,440	\$ 119,444,103	\$ 75,251,459	\$ 68,247,251
Division of Accounting	599,318,282	651,761,544	714,952,094	666,343,735
Division of Budget and Planning	1,967,870	2,203,233	1,961,295	1,917,018
Division of Information Services	11,560,692	10,759,470	9,074,724	8,970,222
Division of Design and Construction	2,015,287	2,291,576	2,352,480	2,293,212
Division of Personnel	3,687,118	3,773,028	3,819,658	3,740,288
Division of Purchasing and Materials Management	4,969,529	5,439,220	5,533,626	5,439,220
Division of Facilities Management	21,472,691	22,245,826	22,778,486	22,556,471
Division of General Services	23,634,560	24,410,685	24,462,103	24,855,764
Assigned Programs	5,224,366	9,630,389	27,466,606	16,237,342
<b>TOTAL</b>	<b>\$ 719,963,835</b>	<b>\$ 851,959,074 *</b>	<b>\$ 887,652,531</b>	<b>\$ 820,600,523</b>
General Revenue Fund	504,047,658	557,402,226	612,877,705	557,341,761
Federal Funds	100,004,219	108,815,728	130,821,644	124,152,301
Other Funds**	115,911,958	185,741,120	143,953,182	139,106,461
<b>Full-time equivalent employees</b>	<b>1,000.22</b>	<b>1,106.29</b>	<b>1,111.62</b>	<b>1,107.62</b>

\* Does not include \$1 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Office of Administration supplemental appropriations.

## POLICY SUMMARY

The Office of Administration is the central state agency responsible for promoting government accountability, effectiveness, and efficiency. For Fiscal Year 2003, the Governor recommends \$820.6 million for continued improvement in the use of state resources, employee benefits, and other responsibilities assigned to the Commissioner of Administration.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Some performance measures the Office Administration uses to evaluate its leadership in administering state operations follow:

	1999	2000	2001
Percentage of minority state employees earning in the top quartile	9.43%	9.34%	9.44%
Percentage of non-minority women state employees earning in top quartile	38.10%	37.93%	38.11%
Percentage of state government purchases from minorities	N/A	3.66%	5.63%
Percentage of state government purchases from women	N/A	4.02%	5.24%
General Revenue reductions or redirections (millions)	\$127.8	\$167.2	\$153.0

## LIFE SCIENCES

The Office of Administration administers the \$21.5 million Life Sciences Industry Initiative for the state of Missouri. Life sciences is an emerging sector in the new economy of the 21<sup>st</sup> century, and Missouri is well positioned to play a central role in its development. The state grant program for life sciences research is important for building a solid public/private partnership around a statewide plan to generate growth in the industry. These grants will focus resources on biotechnology that is revolutionizing health care, food production, and manufacturing. Not only will the growth of these industries in Missouri produce thousands of high-paying jobs and help Missouri's vital agricultural industry, but the results will enhance the quality of life for citizens both within and outside of Missouri.

## OFFICE OF ADMINISTRATION

### POLICY SUMMARY (Continued)

#### HOMELAND SECURITY

National events in recent months have heightened states' awareness of security and measures that can be taken to ensure that sound plans are in place to respond to an emergency. It is critical that the infrastructure necessary for maintaining the economy is secure, and that the confidence of Missouri's citizens is maintained with regard to the state's ability to respond to an emergency. The Office of Administration is part of a statewide effort to enhance the security of the state's most precious assets. The following is recommended in support of this effort:

- \$384,213 general revenue and two staff to provide security at the Truman State Office Building and the State Health Laboratory. Also with this funding, security surveillance will be enhanced at state-owned facilities throughout the state and maintained on a 24-hour, 7 day-per-week basis.
- \$1 federal funds to implement homeland security measures in Missouri.

#### SMART TECHNOLOGICAL INVESTMENTS

The Office of Administration strives to improve the state's business processes in the areas of budget, finance, purchasing, and human resources. The Fiscal Year 2003 budget supports wise investment in technology – investments that will improve the productivity and effectiveness of state agencies, including:

- \$8,747,743 for the Office of Information Technology to continue the federal Justice Integration Program that was funded in the Fiscal Year 2002 budget. There is a national effort to implement a comprehensive and consistent criminal justice information technology infrastructure, and states receiving federal money for this purpose will supplement this effort. This funding will provide justice agencies of the state with the ability to respond proactively to communities with high-risk and repeat offenders.
- \$249,373 for software licensing renewal fees to address continued maintenance and enhancement of SAM II.

#### STATE EMPLOYEE COMPENSATION AND BENEFITS

To deliver high-quality services, the state must be able to compete for qualified, high-performing employees at all levels of government. State employee compensation policy is faced with two problems. First, state employee salaries are on average 13.8 percent below the market rate. The table below shows how employee salaries compare to the market based on various surveys and indexes.

<u>Survey/Index of Comparison</u>	<u>Cumulative Growth since July 1990</u>
American Compensation Assoc. Survey of Compensation	56.0 percent
Employment Cost Index	46.9 percent
Consumer Price Index	36.1 percent
State Employees - Uniform Classification and Pay System	40.0 percent

Second, the average percentage by which all classes are behind the market masks the fact that some jobs are paid at the market rate while others lag by more than 20-25 percent. This wide disparity makes it difficult for the state to recruit and retain employees in many job classes. Governor Holden is committed, with available funds, to providing fair and equitable compensation in state government to reward and retain productive employees. Although in Fiscal Year 2003, state revenue growth will not be sufficient to support a general compensation increase for state employees, a significant increase for employees' health care benefits is recommended by the Governor.

#### Missouri Consolidated Health Care Plan:

- \$18,484,780 to continue the current state subsidy level for employee health care benefits through calendar year 2002, including \$12,902,129 general revenue.
- \$3,120,713 to fund the start of SCR 27 (2001), making the state contribution toward retiree health care premiums based on an employee's length of service with the state. This tenure-based subsidy policy is meant to add value to the current benefits package and to encourage employees to continue in state employment with a career goal of 30 years of state service.
- \$5,598,532 to set up a reserve for a self-insured HMO plan for certain areas of the state that are not well served under existing contracts, including \$3,907,700 general revenue.



## **OFFICE OF ADMINISTRATION**

### **COMMISSIONER'S OFFICE**

This organization consists of the Commissioner of Administration and the central staff, including the department's legal counsel, the state human relations officer, the Office of Equal Opportunity, and the Office of Excellence in Customer Service. The commissioner directs the one agency that provides central services and support to all other agencies of state government. These services include accounting, budget and planning, information services, building design and construction, leasing operations, facilities management, personnel, purchasing, and general services. The Office of Administration also houses the Office of Information Technology, which directs statewide policy, procedures, and standards for information technology. Also included in the Office of Administration are the Missouri Ethics Commission, the Administrative Hearing Commission, the Children's Trust Fund, and the Children's Services Commission.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1,082,682 and 13 staff reallocated from the Division of Information Services.
- \$596,789 and 16 staff reallocated from the Division of Accounting, including \$557,561 general revenue.
- \$45,644 and one staff reallocated from the Division of General Services.
- \$6,500 transferred from the Division of Information Services.
- (\$50,000,000) other funds core reduction from the Fiscal Year 2002 appropriation level.
- (\$7,884) transferred to the Administrative Hearing Commission.

### **FLOOD CONTROL LANDS GRANT**

The Flood Control Lands Grant is a "pass-through" of funds that represents 75 percent of the monies from leases of the land owned by the United States under the Flood Control Act. Sections 12.080 and 12.090, RSMo, prescribe that the funds be used for the benefit of public schools and public roads of the county in which the government land is situated. These funds may also be used for any expenses of the county government, including public obligations of levee and drainage districts for flood control and drainage improvements.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **NATIONAL FOREST RESERVE GRANT**

The National Forest Reserve Grant is a "pass-through" of funds which is received from the federal government. Sections 12.070 and 12.090, RSMo, provide for 25 percent of all the money received by the National Forest Reserve by the state to be expended for the benefit of public schools and public roads of the county in which the forest reserve is located. Of the total received, 75 percent will be spent for public schools and 25 percent for public roads.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **CLARENCE CANNON PAYMENT**

A contract with the U.S. Army Corps of Engineers, developed with the concurrence of the executive and legislative branches, requires that the state pay a share of the cost of water supply storage in Mark Twain Lake on the Salt River in northeastern Missouri. The contract results from a request by the state for the Corps to build water supply storage into the Clarence Cannon Dam project to meet water needs of that part of Missouri which has been chronically short of potable water.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **OFFICE OF ADMINISTRATION**

### **COMMISSIONER'S OFFICE (Continued)**

#### **COUNTY JUVENILE PERSONNEL REIMBURSEMENTS**

The state is required to reimburse specified counties for 25 percent of their juvenile court expenditures.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,880,000) core reduction from the Fiscal Year 2002 appropriation level.

#### **COMPACT FOR EDUCATION**

The payment of dues for the Compact for Education allows Missouri to maintain a position of leadership and cooperation with other states in the field of education. The Compact for Education serves as a clearinghouse for information on matters relating to educational issues. The Education Commission of the States consists of seven representatives from each state, of which one member shall be the Governor, two shall be members of the state legislature, and four shall be appointed by the Governor. The commission fosters research and suggests policies and plans for the improvement of public education as a whole.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **COUNTY PROSECUTION REIMBURSEMENTS**

The state may provide reimbursement to counties for expenses incurred in the prosecution of crimes occurring within correctional institutions and expenses of trials of capital cases in limited circumstances.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$24,000) core reduction from the Fiscal Year 2002 appropriation level.

#### **COSTS IN CRIMINAL CASES**

In accordance with Chapters 550 and 548 and Section 57.290, RSMo, the state pays counties and sheriffs for court costs of indigents in criminal cases and costs of incarceration, transporting prisoners to state prisons, and serving extradition warrants.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **REGIONAL PLANNING COMMISSIONS**

State financial aid enables local governments, through regional planning commissions, to initiate programs and services identified as important by member governments. State funds are matched by local funds.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$230,000) core reduction from the Fiscal Year 2002 appropriation level, including (\$180,000) general revenue.

## **OFFICE OF ADMINISTRATION**

### **COMMISSIONER'S OFFICE (Continued)**

#### **PUBLIC TELEVISION AND PUBLIC RADIO GRANTS**

Funds are distributed through these grants to Missouri public television stations and public radio stations for assistance in operating costs.

##### **Fiscal Year 2003 Governor's Recommendations**

- (\$526,153) core reduction from the Fiscal Year 2002 appropriation level.

#### **LAND GRANT COLLEGE PROGRAM**

Land grants are intended for the colleges of agriculture and mechanical arts eligible for federal funding support as provided by acts of Congress in 1899 and 1907. In accordance with Section 172.730, RSMo, distribution of the grant is made in the following manner: 1/16 of total to Lincoln University; 1/4 of total to the University of Missouri-Rolla; and the balance to the University of Missouri-Columbia.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **ELECTED OFFICIALS TRANSITION**

The state provides operating costs for the transition into office of newly elected state officials, including the Governor, Lieutenant Governor, Secretary of State, Auditor, Treasurer, and Attorney General.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$10,000 for executive office transition costs.

#### **SPECIAL ELECTION COSTS**

Section 115.077, RSMo, requires the state and political subdivisions submitting questions or candidates in a special election to deposit their proportional share of the costs with the election authority not later than the third Tuesday prior to the election. This appropriation allows the state to comply with the law by prepaying its share of the estimated expenses of a special election. The state is also required to reimburse local election authorities for certain other expenses attributable to changes in state law. Should a special election be called, expenditures made from this appropriation will be transferred to the state election subsidy fund for disbursement.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$450,000 for the state's share of special election costs.
- (\$720,430) core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF ACCOUNTING**

The Division of Accounting maintains all financial records for state appropriations and funds, processes payments, controls production of warrants, and distributes checks. The division also issues warrants to the State Treasurer for expenditures; maintains computerized accounting, payroll, and check writing systems; and administers the Social Security Act for the state and political subdivisions. The division also provides financial data to executive and legislative officials.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$23,970 transferred from the Division of Information Services.
- (\$596,789) and (16) staff reallocated to the Commissioner's Office, including (\$557,561) general revenue.
- (\$256,500) core reduction for one-time expenditures.

## **OFFICE OF ADMINISTRATION**

### **DIVISION OF ACCOUNTING (Continued)**

#### **CONTRIBUTION TO OASDHI TAXES**

The state of Missouri pays the employer's share of federal Old Age and Survivors Disability and Health Insurance contributions on the salaries of all state employees, with the exception of employees of the state universities and four-year colleges. These funds are transferred to a contribution fund for matching payments to the Social Security Administration.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$11,229,000 to fund contributions for state employees, including \$2,218,000 general revenue.
- \$37,000 other funds transferred from the Department of Health and Senior Services.
- (\$5,154,000) core reduction from the Fiscal Year 2002 appropriation level, including (\$5,142,000) general revenue.

#### **CONTRIBUTION TO MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM**

The state of Missouri provides a fully funded retirement program for employees through a contribution of a specified percentage of members' wages to the Missouri State Employees' Retirement System. Included in the state's contribution is a payment per month per eligible employee to the Missouri State Employees' Benefit Plan and a payment for long-term disability premiums.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$4,033,000 to fund contributions for state employees, including \$2,884,000 general revenue.
- \$59,000 other funds transferred from the Department of Health and Senior Services.
- (\$39,160,000) core reduction from the Fiscal Year 2002 appropriation level, including (\$31,517,000) general revenue.

#### **MISSOURI CONSOLIDATED HEALTH CARE PLAN**

The Missouri Consolidated Health Care Plan administers health care benefits for state employees. In 1995, municipalities and other public entities were allowed to join the Missouri Consolidated Health Care Plan as well, building a larger pool of members and greater bargaining power for lower cost medical services.

##### **Fiscal Year 2003 Governor's Recommendations**

- \$29,019,430 to fund contributions for state employees, including \$20,417,551 general revenue.
- \$82,009 other funds transferred from the Department of Health and Senior Services.
- (\$3,868,797) core reduction from the Fiscal Year 2002 appropriation level, including (\$2,494,895) general revenue.

#### **TEACHER RETIREMENT CONTRIBUTIONS**

Section 104.342, RSMo, has been revised to provide that the Commissioner of Administration shall requisition monthly and certify the payment of contributions to the Public School Retirement System (PSRS). Authority to transfer and expend these monies is required to comply with the statutory provisions. Certified teachers involved are employed by the Department of Elementary and Secondary Education and remain members of the PSRS.

##### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **OFFICE OF ADMINISTRATION**

### **DIVISION OF ACCOUNTING (Continued)**

#### **DEFERRED COMPENSATION PROGRAM**

The Missouri State Public Employees Deferred Compensation Commission, as established by Sections 105.900 to 105.925, RSMo, provides indirect compensation to state employees in the form of tax-deferred income. Section 105.927 allows the state to credit \$25.00 per month to qualified participants in the plan. The monies transferred must be paid to the various deferred compensation plans. Matching payments were made available as of January 1, 1996.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$6,000 other funds transferred from the Department of Health and Senior Services.
- (\$2,000) other funds core reduction from the Fiscal Year 2002 appropriation level.

#### **DISBURSEMENT FOR UNEMPLOYMENT BENEFITS**

The state of Missouri, as a governmental entity, is required to pay contributions to the Division of Employment Security as specified by law so that unemployment claims may be paid to former employees. A governmental entity may elect to either pay contributions in advance based on a statutory formula or to reimburse the Division of Employment Security for actual claims paid out to former employees. The state of Missouri utilizes the reimbursement for actual claims paid option. By using this deferred method of payment and one central appropriation, the state simplifies the administration of unemployment benefits.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **TAXES WITHHELD IN ERROR**

The Office of Administration's Division of Accounting is responsible for the withholding of federal, state, and local taxes from state employees' pay. This appropriation authority is required to refund to employees taxes withheld in error.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **VOLUNTARY LIFE INSURANCE**

State employees may opt to withhold funds for voluntary life insurance. This appropriation provides expenditure authority to distribute the monies withheld to the various life insurance companies as designated by the employees.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **HUMAN RESOURCES CONTINGENCY FUND TRANSFER**

This transfer section has been added to ensure that payroll checks submitted for payment against accounts with temporary allotment or fund cash flow problems can be generated within the time constraints of pay period processing.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **OFFICE OF ADMINISTRATION**

### **DIVISION OF ACCOUNTING (Continued)**

#### **CAFETERIA PLAN TRANSFER**

The state offers a tax reduction plan for state employees. The federal government requires the state to provide a sufficient balance in the medical expenses category for timely reimbursements to plan participants.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **BOARD OF PUBLIC BUILDINGS DEBT SERVICE**

This appropriation is for payment of principal, interest, and reserve requirements on outstanding bonds.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$4,733,151) reallocated to Lease/Purchase.
- (\$2,187,631) core reduction from the Fiscal Year 2002 appropriation level.

#### **LEASE/PURCHASE DEBT SERVICE**

Beginning in Fiscal Year 2003, money was transferred from the Board of Public Buildings Debt Service to the Lease/Purchase appropriation in order to separate payments.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1 for Lease/Purchase refunding expenses.
- \$1 for Lease/Purchase arbitrage rebate expenses.
- \$8,418,498 transferred from the Department of Corrections.
- \$4,733,151 reallocated from the Board of Public Buildings Debt Service.

#### **MISSOURI HEALTH AND EDUCATIONAL FACILITIES AUTHORITY DEBT SERVICE**

The Missouri Health and Educational Facilities Authority (MoHEFA) has issued \$39,999,569.14 in Series A 1989 Missouri College Savings Bonds to fund building projects at the University of Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **NEW JOBS TRAINING CERTIFICATES**

Sections 178.892 to 178.896, RSMo, established the New Jobs Training Program. Businesses establishing new jobs in the state can enter into an agreement with a community college district to provide training for new employees. The training is funded from the proceeds of new jobs training certificates issued by community college districts. The debt service on the certificates is payable from the employees' Missouri income tax withholding credits. If the business would sharply decrease or eliminate its operations, funds may not be available to meet debt service costs.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **OFFICE OF ADMINISTRATION**

### **DIVISION OF ACCOUNTING (Continued)**

#### **CONVENTION AND SPORTS COMPLEX PROJECTS**

SB 295 (1989) authorized annual appropriations of state matching funds for convention and sports complex capital projects in certain cities and counties. Ongoing projects include: Jackson County Sports Complex Stadium, \$3,000,000; Bartle Hall, \$2,000,000; and Transworld Dome, \$12,000,000.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **CASH MANAGEMENT IMPROVEMENT ACT**

The federal Cash Management Improvement Act of 1990 and 1992 requires that the state pay interest on certain federal grant monies while deposited in the State Treasury. Interest is calculated and paid at the daily equivalent of the annualized 13-week average Treasury Bill rate.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$800,000 for increased interest payments made by the state to the federal government.

#### **GOVERNMENTAL ACCOUNTING STANDARDS BOARD DUES**

The Governmental Accounting Standards Board (GASB) was organized in 1984 to establish financial reporting standards for activities and transactions of state and local governments. Each state is assessed dues for support of the organization.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **CLAIMS AGAINST THE ESCHEATS FUND**

This fund provides for the disposition of unclaimed funds from estates. Funds unclaimed for 21 years are transferred to the public school fund. Monies in the fund are invested by the State Treasurer, and the interest earnings are transferred to the public school fund.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **ARTICLE X REFUND FINANCE**

Some state funds may be unable to support refunds to taxpayers under the provisions of Article X to the Missouri Constitution without endangering the programs for which they were established. This appropriation is intended to provide relief to those funds and programs.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$100,000 to provide relief to funds that are unable to support refunds to taxpayers.

#### **STATEWIDE OPERATIONAL MAINTENANCE AND REPAIR TRANSFER**

This section allows for the transfer of general revenue into departmental operating budgets for statewide maintenance and repair appropriations.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## OFFICE OF ADMINISTRATION

### DIVISION OF ACCOUNTING (Continued)

#### AUDIT RECOVERY DISTRIBUTION

A mechanism to allow the distribution of a percentage of monies recovered by the state to the audit firm that recovers the money.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

#### BUDGET RESERVE INTEREST

In the event that the general revenue fund borrows money from the budget reserve fund, general revenue must repay the loan with interest. This mechanism will allow that to happen.

#### Fiscal Year 2003 Governor's Recommendations

- \$11,999,999 for interest payments on loans from the budget reserve fund.

#### OTHER FUND CORRECTIONS

A transfer section is needed as a mechanism by which corrections can be made when money is erroneously deposited into the wrong fund.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

### DIVISION OF BUDGET AND PLANNING

The Division of Budget and Planning analyzes state government programs and provides recommendations and information to the Governor, General Assembly, and state agencies regarding fiscal and other policies. The division prepares the budget instructions, reviews all agency budget requests, makes funding recommendations to the Governor, prepares the annual executive budget, analyzes economic and demographic conditions, forecasts state revenues, and conducts technical policy and program analysis. To assist in state government management, the division controls appropriation allotments, prepares legislative fiscal notes, evaluates programs, analyzes and develops policy options, and coordinates programs and the rulemaking process among agencies. The division prepares population estimates and projections required by state and local agencies and is Missouri's liaison to the United States Bureau of the Census. The division operates the State of Missouri Washington, D.C. office. In addition, the division uses federal grant funds for applied research in policy areas of statewide concern.

#### Fiscal Year 2003 Governor's Recommendations

- \$4,062 transferred from the Division of Information Services.
- (\$290,277) and (3.67) staff in core reduction from the Fiscal Year 2002 appropriation level.



## **OFFICE OF ADMINISTRATION**

### **DIVISION OF INFORMATION SERVICES**

The Division of Information Services provides centralized computer processing services through the State Data Center (SDC), reviews departmental data processing plans, and manages the state telephone network. The division also approves the acquisition and disposition of computer equipment, provides procurement assistance to other state agencies, and provides data processing training for state employees.

This section provides mainframe computer processing services to the Office of Administration; Missouri Department of Transportation; Secretary of State; Departments of Revenue, Mental Health, Natural Resources, Insurance, Economic Development, and others. In addition, the consolidated SDC now provides services to the Departments of Social Services, Health, Labor and Industrial Relations, and the State Highway Patrol.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$249,373 for annual software licensing renewal fees associated with the maintenance and enhancement of SAMII.
- (\$1,082,682) and (13) staff reallocated to the Commissioner's Office.
- (\$900,811) core reduction for one-time expenditures.
- (\$55,128) transferred to various OA divisions.

### **DIVISION OF DESIGN AND CONSTRUCTION**

The division reviews plans and specifications for state construction, maintenance, and repair projects; selects contracting architects and engineers; oversees capital improvements expenditures; provides information for the preparation of the capital improvements budget; and assists state agencies and institutions with building and renovation problems.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1,636 transferred from the Division of Information Services

### **DIVISION OF PERSONNEL**

The Division of Personnel provides central personnel management programs and services to all executive branch departments in compliance with the State Personnel Law and the principles of sound personnel management. Responsibilities include operation of the Missouri Merit System, position classification and compensation management, supervisory and management training, coordination of relations with employee unions, and providing personnel management expertise and other services to assist agencies.

The Personnel Advisory Board sets rules and regulations for the Merit System, approves classifications and pay plans, conducts appeal hearings for applicants and employees, and advises the Division of Personnel and the Governor on personnel administration.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$13,364 transferred from the Division of Information Services.
- (\$46,104) and (one) staff reallocated to the Division of General Services.

### **DIVISION OF PURCHASING AND MATERIALS MANAGEMENT**

The Division of Purchasing and Materials Management centralizes procurement to save money by purchasing supplies, materials, and services in larger quantities and encourages competitive bidding and awards on all contracts. All of state government is served except the University of Missouri, Lincoln University, Truman State University, Missouri Department of Transportation, Judiciary, Lottery, and the General Assembly. It encourages the participation of suppliers, including small disadvantaged businesses, in the competitive bid process and ensures compliance with Chapter 34, RSMo. The division also coordinates recycling collection efforts of state agencies and administers the Recycling Products Preference Program. The materials management section recycles property among agencies and sells surplus state equipment through negotiated, sealed bids and auction sales. Surplus property sales receipts are used to pay the expenses of surplus property sales with the remaining receipts distributed to the appropriate state funds from which the equipment was purchased.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

## **OFFICE OF ADMINISTRATION**

### **DIVISION OF FACILITIES MANAGEMENT**

The Division of Facilities Management operates, maintains, and manages state-owned office buildings and various other structures at the seat of government and other locations within the state.

#### **LEASED FACILITIES MANAGEMENT**

The division is also responsible for all leased property acquired for use by selected agencies statewide. The division is the operating agent for the Office of Administration responsible for the acquisition of necessary space through the lease process. A competitive public bid process is used to acquire leased space.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$481 transferred from the Division of Information Services.

### **STATE OFFICE BUILDINGS GENERAL REVENUE TRANSFER**

This appropriation is recommended so that funds other than general revenue can be utilized for state office buildings. The same funds that support the activity of state employees in state office buildings are charged for the cost of operating and maintaining the offices. In this way, the amount of general revenue can be reduced and more appropriate funds can carry their share of the cost of these buildings. Through the transfer mechanism, general revenue will be transferred into the operating accounts as state facility maintenance and operation funds at the beginning of the fiscal year. Other state funds will then be transferred to general revenue as appropriate during the fiscal year to offset that share of the cost of office space used by staff paid by other funds.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$384,213 and two staff for the general revenue transfer to the Office of Administration state facilities maintenance and operations fund for state office building operations and seat of government expenses.
- \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.
- (\$74,050) core reduction for one-time expenditures.

### **DIVISION OF GENERAL SERVICES**

The division provides agencies with a variety of services such as printing, administration of the legal expense fund and the state employee Workers' Compensation Program, a central vehicle maintenance facility, forms management, and flight operations. The Division of General Services also provides staff to administer activities of the Missouri Public Entity Risk Management Fund, a liability insurance pool for Missouri public entities.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$440,000 for increased costs incurred by the state legal expense fund.
- \$5,079 transferred from the Division of Information Services.

### **ASSIGNED PROGRAMS**

#### **ADMINISTRATIVE HEARING COMMISSION**

The Administrative Hearing Commission conducts pre-hearing conferences and full evidentiary hearings throughout Missouri, making findings of fact and conclusions of law relative to appeals and complaints. The commission's jurisdiction includes appeals of decisions made by the professional licensing boards and taxpayers' appeals of decisions made by the Department of Revenue; the Division of Liquor Control; the Missouri Health Facilities Review Committee; the Personnel Advisory Board; and the Departments of Mental Health, Health, and Social Services.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$7,884 reallocated from the Commissioner's Office.
- \$496 transferred from the Division of Information Services.

## OFFICE OF ADMINISTRATION

### ASSIGNED PROGRAMS (Continued)

#### CHILDREN'S TRUST FUND

The Children's Trust Fund and Children's Trust Fund Board are established to facilitate and fund the development of community-based prevention programs to strengthen families and prevent child abuse and neglect, and to provide public education about the problem of child abuse and its prevention. The Children's Trust Fund Board has developed a long-range plan which is reviewed annually. Activities of the Children's Trust Fund are divided into two broad areas: public education, and program development and funding. Each includes an array of programs to meet the goals of the board.

#### Fiscal Year 2003 Governor's Recommendations

- (\$1) other funds core reduction from the Fiscal Year 2002 appropriation level.

#### MISSOURI CHILDREN'S SERVICES COMMISSION

The Missouri Children's Services Commission Fund was established to receive grants, gifts, bequests, and federal grants to support the activities of the Children's Services Commission in accordance with Sections 210.101 through 210.103, RSMo.

#### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

#### MISSOURI ETHICS COMMISSION

The Missouri Ethics Commission was established in accordance with the provisions in SB 262 (1991). The commission is composed of six members, not more than three from the same political party. The commission is responsible for receiving and maintaining lobbyist reports, personal financial disclosures, and election reports. It must investigate reports of campaign and ethical violations, develop ethical standards, and make determinations of allegations of ethical violations.

#### Fiscal Year 2003 Ethics Commission Request

Continue funding at the current level.

#### OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology was established July 1, 1995, in response to a recommendation of the Commission on Management and Productivity for statewide control and planning relating to information technology in Missouri state government. The office's objectives include: implementing an information technology strategic planning process that supports agency-specific strategic planning; directing the statewide adoption of policy, procedures, and standards relating to information technology; and reviewing agency technology budgets.

#### Fiscal Year 2003 Governor's Recommendations

- \$8,747,743 federal funds and seven staff for the federal Justice Integration Program.
- \$600,000 to fund a continuous availability study to assess the state's readiness to provide uninterrupted services to the citizens of Missouri in the event of a catastrophic equipment failure.
- \$600,000 federal funds to fund a network consolidation study to help define efficiencies that could be generated by the consolidation of the state's computer network services.
- (\$3,349,169) and (four) staff in core reduction from the Fiscal Year 2002 appropriation level, including (\$2,838,354) general revenue.

# DEPARTMENT OF AGRICULTURE

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 2,742,020	\$ 7,531,269	\$ 14,060,029	\$ 8,885,049
Division of Market Development	3,115,633	4,065,109	5,451,490	3,718,813
Division of Animal Health	3,487,414	4,138,618	5,337,160	4,205,764
Division of Grain Inspection and Warehousing	2,226,763	3,328,526	3,392,534	3,314,878
Division of Plant Industries	2,949,386	3,812,614	4,588,023	3,189,766
Division of Weights and Measures	2,948,104	3,041,616	4,101,571	3,523,854
Missouri State Fair	4,095,696	5,105,616	5,133,188	4,843,617
State Milk Board	1,739,857	2,031,815	2,215,848	2,096,618
DEPARTMENTAL TOTAL	\$ 23,304,873	\$ 33,055,183 *	\$ 44,279,843	\$ 33,778,359
General Revenue Fund	13,346,489	15,333,314	27,559,971	16,336,108
Federal Funds	799,298	1,656,235	3,074,684	3,142,521
Animal Health Laboratory Fee Fund	313,240	451,844	451,844	451,844
Animal Care Reserve Fund	291,375	417,983	401,648	322,235
Livestock Brands Fund	14,059	59,125	56,265	42,225
Commodity Council Merchandising Fund	167,189	176,212	178,360	176,212
Single-Purpose Animal Facilities				
Loan Program Fund	50,697	81,086	82,454	81,086
State Fair Fees Fund	3,227,488	4,196,817	4,131,817	4,201,817
Agricultural Product Utilization and Business				
Development Loan Program Fund	32	0	0	0
Aquaculture Marketing Development Fund	10,130	32,692	32,692	32,692
Livestock Sales and Markets Fees Fund	23,780	32,784	32,784	32,784
Apple Merchandising Fund	4,164	12,000	12,000	12,000
Livestock Dealer Law Enforcement and				
Administration Fund	8,641	12,389	29,965	12,389
Milk Inspection Fee Fund	1,391,224	1,661,041	1,771,487	1,762,343
Grain Inspection Fee Fund	1,220,700	2,403,984	2,459,830	2,251,940
State Contracted Manufacturing Dairy Plant				
Inspection and Grading Fee Fund	0	8,000	8,000	8,000
Petroleum Inspection Fund	1,620,079	1,715,624	2,226,935	2,150,388
Petroleum Violation Escrow Fund	0	2,450,000	0	1,000,000
Marketing Development Fund	620,074	743,593	790,925	788,237
Agriculture Bond Trustee Fund	0	135,000	135,000	135,000
Boll Weevil Suppression and Eradication Fund	0	683,304	60,456	60,456
Missouri Wine Marketing Fund	10,071	15,000	15,000	15,000
Agriculture Development Fund	178,410	737,156	727,726	723,082
State Institutions Gift Trust Fund	4,367	30,000	30,000	30,000
State Fair Trust Fund	3,366	10,000	10,000	10,000
Full-time equivalent employees	358.01	460.47	485.47	467.47

\* Does not include \$736,633 federal funds recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Agriculture supplemental appropriations.

## DEPARTMENT OF AGRICULTURE

### POLICY SUMMARY

The Department of Agriculture's mission is to serve, promote, and protect the agricultural producers, processors, and consumers of Missouri's food, fuel, and fiber products. Missouri's agri-business industry adds over \$17.5 billion annually to the state's economy. Due to low prices for both commodity grains and livestock, Missouri's net farm income declined almost 70 percent from 1997 to 1999 before improving in 2000. Despite scattered adverse weather conditions in 2000, Missouri had a record per acre yield in corn crops, which coincided with the opening of Missouri's first ethanol plant. Feeder cattle showed higher returns and produced excellent prices and dozens of value-added program products are under development. In 2001 Missouri's second ethanol plant opened in Holt County.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Some measures of the health of Missouri's agricultural economy follow:

	1998	1999	2000
Missouri Net Farm Income (millions)	\$694.0	\$392.9	\$971.9
Cash receipts from the sale of Missouri agricultural products (billions)	\$4.721	\$4.122	\$4.725
Missouri livestock cash receipts (billions)	\$2.526	\$2.440	\$2.625
Missouri crop cash receipts (billions)	\$2.194	\$1.682	\$2.100
Value of Missouri agricultural exports (billions)	\$1.377	\$1.126	\$1.048

In 1999 landmark agricultural legislation was passed to address depressed farm prices. As demonstrated above, some improvement occurred in 2000 with increases in livestock and crop cash receipts as well as an increase in net farm income. Exports, however, have declined the last three years. Despite the improvements, it is clear that more needs to be done to ensure the health of Missouri agriculture. One of the best approaches to keeping agriculture strong in Missouri lies in adding value to traditional farm products.

**HELPING FARMERS BECOME SMALL BUSINESS ENTERPRISES:** The viability of Missouri's smaller farmers and rural communities are at risk if farmers do not have access to capital to seek new ventures which add value to agricultural products they produce. The Missouri Ethanol Producer Incentive Fund was authorized by Section 142.028, RSMo. Three hundred and eleven farmers in Macon, Missouri formed a cooperative to use their corn products for the production of ethanol. The Macon plant processes approximately 7.6 million bushels of corn to produce approximately 20 million gallons of ethanol per year. A second plant, located in Holt County, processes approximately 6.3 million bushels of corn to produce approximately 17 million gallons of ethanol per year. The two plants will process approximately 14 million bushels of corn to produce an estimated 37 million gallons of ethanol.

To help farmers add value to their commodities, the Governor recommends:

- \$4,892,546 for continued producer incentives for the Macon County ethanol plant and the Holt County ethanol plant.

**PROTECTING THE PUBLIC:** The animal agricultural industry accounts for more than half of the annual cash receipts of Missouri's agricultural producers. Infectious and contagious diseases cause \$3.3 billion in annual losses to the state's livestock producers. Some diseases can be transmitted directly to humans. The public is increasingly concerned with food safety. Focusing on reducing this loss and providing safer products, the Division of Animal Health will provide meat producers with additional meat inspections.

To build public confidence within the meat industry throughout the state, the Governor recommends:

- \$79,621 for staff to expand Missouri's State Meat Inspection Program to give small livestock and poultry producers access to markets that require inspection. This program adds value while assuring safe meat products for consumers.

## **DEPARTMENT OF AGRICULTURE**

### **OFFICE OF THE DIRECTOR**

The Office of the Director makes policy decisions on agricultural issues, sets the department's goals and priorities, and coordinates activities of the various divisions to achieve those goals. The Office of the Director includes administrative functions such as the fiscal office, support services, personnel, public affairs, data processing, and statistical services. The Office of the Director also includes the Executive Secretary of the Agriculture and Small Business Development Authority. The seven-member authority is empowered under Chapter 348, RSMo, to issue bonds to make loans to beginning farmers and small businessmen at below-market interest rates. The authority also administers the single-purpose Animal Facilities Loan Guarantee Program.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$3,000,000 for production incentives for ethanol plants, including \$2,000,000 general revenue.
- \$1,182,176 federal funds and two staff and related expenses to enable the department to support activities that promote Missouri agriculture.
- \$79,500 federal funds and one staff and related expenses for a legal counsel and related expenses.
- \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.
- (\$2,811,940) other funds for one-time expenditures.
- (\$95,957) core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF MARKET DEVELOPMENT**

The Division of Market Development operates the Domestic and International Marketing Program, the AgriMissouri Marketing Program, the Wine and Grape Program, and the Agriculture Development Program. The Domestic and International Marketing Program helps commodity groups promote Missouri agricultural products within the U.S. and throughout the world. Domestically, the program also operates a market price information network to help producers make better informed marketing decisions. Internationally, the program promotes Missouri agricultural products through economic development offices in Dusseldorf, Seoul, and Tokyo, and agricultural trade offices in Taiwan and Mexico. The AgriMissouri Marketing Program identifies and promotes Missouri-grown food and beverages. Examples include the use of an AgriMissouri logo on food products, the publication of an AgriMissouri Food Buyers Guide, and media advertising. The Wine and Grape Program promotes grapes, juice, and wine produced in Missouri using marketing development funds paid by Missouri grape and wine producers under Section 311.554, RSMo. The Agriculture Development Program administers a wide range of programs including student loans and scholarships, guarantees and interest rebates on FFA and 4-H loans, grants to FFA chapters and 4-H clubs, financial counseling and management assistance through MO FARMS, and low-interest horticulture loans.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$44,644 other funds and one staff and related expenses to promote the Missouri Grape and Wine Program.
- (\$390,940) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF AGRICULTURE**

### **DIVISION OF ANIMAL HEALTH**

The Division of Animal Health implements regulations and programs to protect Missouri's livestock, poultry, and other domestic animals from dangerous, infectious, or contagious diseases. This includes enforcement of regulations as required under Section 267.230, RSMo, which gives the Director of the Department of Agriculture the authority to designate certain employees to intercept, stop, or detain for official inspection any vehicle carrying livestock in the state. Through control and elimination of diseases and diseased animals, the division enables Missouri's livestock and poultry to remain eligible for interstate and international export marketing. Diagnostic laboratories are maintained in Jefferson City, Cameron, and Springfield, and additional professional services are contracted for with the University of Missouri-Columbia College of Veterinary Medicine.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$220,000 federal funds to maximize grant opportunities.
- \$79,621 federal funds and one staff and related expenses to enhance the State Meat Inspection Program.
- (\$157,463) and (two) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$75,012) federal funds core reduction for one-time expenditures.

### **DIVISION OF GRAIN INSPECTION AND WAREHOUSING**

The Division of Grain Inspection and Warehousing performs two functions to assist Missouri grain farmers and agribusinesses. The Grain Regulatory Services Program enforces the provisions of the Grain Warehouse Law, Chapter 411, RSMo, and the Grain Dealers Law, Sections 276.401-276.581, RSMo, to ensure grain producers that licensed grain warehouses and grain dealers are reputable businesses in sound financial condition.

The Grain Inspection Services Program provides official inspection and weighing of grain upon request to assist both grain farmers and grain businesses in the marketing of Missouri's corn, soybean, wheat, and other grain crops. The program covers all costs of operation by charging fees for services performed which are deposited in the grain inspection fee fund. The division also administers the Commodity Council Merchandising and Apple Merchandising programs.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$13,648) core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF PLANT INDUSTRIES**

The Division of Plant Industries operates five programs serving Missouri agriculture. The Feed and Seed Program performs sampling and laboratory analyses of crop seeds and commercial feeds to ensure that they meet requirements for accurate labeling. The Pesticide Control Program promotes the safe use of pesticides by licensing private and commercial applicators, conducting field inspections, and ensuring the proper registration of pesticides. The Plant Pest Control Program conducts inspections of nurseries, greenhouses, and other plant products to prevent the introduction and dissemination of insect, disease, and noxious weed pests which could be detrimental to plants and crops. The Forest Resources and Weed Control Program inspects treated wood products to ensure that minimum preservation standards are met and assists county weed control boards in the control and eradication of Johnson grass, a noxious weed. The Fresh Fruit and Vegetable Inspection Program performs shipping point and terminal market inspections of fresh produce to facilitate the sale of Missouri grown produce and ensure the quality of produce sold to consumers.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$622,848) other funds core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF AGRICULTURE**

### **DIVISION OF WEIGHTS AND MEASURES**

The Division of Weights and Measures operates four programs and two laboratories to fulfill its goal of protecting consumers. The administration program processes all licenses, registrations, and fees collected. The Scale, Milk, and Egg Program inspects livestock market, grain elevator, highway vehicle, and small retail scales to ensure their accuracy. In addition, milk sales practices are monitored and shell eggs are inspected. Staff in the Petroleum/Propane/Anhydrous Ammonia Program protect consumers against inaccurate gasoline pumps and unsafe practices by the retailer; inspect public institutions, industry, mobile homes, and LPG-converted vehicles to save lives and property from gas explosions; approve propane gas dispenser meters to prevent overcharges on fuel bills; and oversee anhydrous ammonia fertilizer installations. The Moisture Meter Program protects Missouri farmers against unjustified discounts on grain sales due to inaccurate moisture content values.

The division's metrology laboratory certifies scale repair technicians; maintains all mass, volume, and length standards used by industry; and certifies all weight and measure devices used by the program inspectors. The petroleum laboratory performs chemical analyses of gasoline, diesel fuel, heating oil, and other fuels to ensure that quality specifications are met.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$391,730 other funds for new and replacement equipment.
- \$128,908 other funds and two staff for the Oxygenate Labeling Program created by SB 462 (2001).
- (\$35,700) core reduction from the Fiscal Year 2002 appropriation level.
- (\$2,700) other funds for one-time expenditures.



# DEPARTMENT OF AGRICULTURE

## MISSOURI STATE FAIR

The Missouri State Fair is held annually in August on the state fairgrounds in Sedalia. The fair provides a showcase for livestock, agricultural products, commercial exhibits, and other displays. In addition, the fair offers a variety of entertainment and educational events. The fairgrounds also are available during the rest of the year for various types of exhibits, sales, meetings, and entertainment.

### Fiscal Year 2003 Governor's Recommendations

- \$70,000 other funds to commemorate the State Fair's 100th anniversary.
- (\$266,999) core reduction from the Fiscal Year 2002 appropriation level.
- (\$65,000) other funds for one-time expenditures.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
State Fair Administration	\$ 3,926,228	\$ 4,910,821	\$ 4,843,617
Aid-To-Fairs Premiums	169,468	194,795	0
DIVISIONAL TOTAL	\$ 4,095,696	\$ 5,105,616	\$ 4,843,617
PERSONAL SERVICE			
General Revenue Fund	350,056	665,212	649,841
State Fair Fees Fund	917,995	874,743	874,743
EXPENSE AND EQUIPMENT			
General Revenue Fund	345,318	56,832	70,000
State Fair Fees Fund	2,286,946	3,238,085	3,173,085
State Fair Trust Fund	3,366	9,880	9,880
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	169,468	194,796	0
State Fair Fees Fund	22,547	65,948	65,948
State Fair Trust Fund	0	120	120
TOTAL	\$ 4,095,696	\$ 5,105,616	\$ 4,843,617
General Revenue Fund	864,842	916,840	719,841
State Fair Fees Fund	3,227,488	4,178,776	4,113,776
State Fair Trust Fund	3,366	10,000	10,000
Full-time equivalent employees	19.01	61.75	61.75

## DEPARTMENT OF AGRICULTURE

### STATE MILK BOARD

The State Milk Board oversees two programs to ensure that milk and milk products are safe for consumption. The State Milk Board contracts with one city and one county to provide sanitary inspections of Grade A milk. An inspection fee of five cents per one hundred pounds of Grade A milk is assessed and deposited in the milk inspection fee fund to cover all costs of the Grade A Program. Approximately one-half of all Grade A milk is consumed as fluid milk with the remainder used for manufacturing purposes.

The State Milk Board also is responsible for the Manufacturing Grade Milk Sanitation Program which enforces sanitation and quality standards for milk used only for manufacturing dairy products (such as cheese, butter, and ice cream). This program is funded from general revenue because inspection fees have not been assessed on manufacturing milk producers.

#### Fiscal Year 2003 Governor's Recommendations

- \$101,302 other funds and two staff and related expenses to enhance the Grade A Milk Farm Inspection Program.
- (\$36,499) core reduction from the Fiscal Year 2002 appropriation level.

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# DEPARTMENT OF NATURAL RESOURCES

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 8,188,192	\$ 9,453,057	\$ 8,935,748	\$ 8,537,946
Agency-Wide Operations	25,370,382	32,875,484	31,635,705	31,630,026
Outreach and Assistance Center	10,019,670	11,785,542	18,728,427	17,033,141
Environmental Improvement & Energy Res. Authority	0	1	1	1
Division of State Parks	32,485,589	40,713,172	40,062,741	35,523,831
Geology Survey and Resource Assessment Division	5,748,573	6,780,230	6,905,106	6,674,607
Environmental Programs	75,355,799	237,540,273	241,097,439	238,341,500
DEPARTMENTAL TOTAL	\$ 157,168,205	\$ 339,147,759 *	\$ 347,365,167	\$ 337,741,052
General Revenue Fund	17,848,487	21,857,014	22,825,708	16,093,644
Federal Funds	25,360,220	37,016,124	41,053,071	40,538,375
Post Closure Fund	56,776	141,599	141,599	141,599
Intergovernmental Transfer Fund	0	825,000	0	0
Missouri Air Emission Reduction Fund	226,137	1,438,778	1,468,313	1,438,778
Water Pollution Control Fund	4,148,787	43,660,000	43,660,000	43,660,000
State Park Earnings Fund	4,371,660	5,511,564	5,772,907	5,763,465
Natural Resources Revolving Services Fund	2,551,220	2,691,280	2,692,755	2,691,280
Historic Preservation Revolving Fund	333,617	1,055,669	1,057,926	1,055,669
DNR Cost Allocation Fund	7,826,735	8,377,963	8,525,915	8,383,992
State Facility Maintenance and Operation Fund	279,783	368,067	373,578	368,067
Natural Resources Protection Fund	0	158,241	183,265	182,412
NRPF - Water Pollution Permit Fee Subaccount	2,787,313	4,375,537	5,094,460	4,982,029
Solid Waste Management Fund - Scrap				
Tire Subaccount	304,473	2,056,109	2,070,100	2,056,109
Solid Waste Management Fund	1,114,874	7,521,695	7,557,401	7,521,695
NRPF - Air Pollution Asbestos Fee Subaccount	138,836	472,892	382,801	376,270
Petroleum Storage Tank Insurance Fund	23,546,017	29,026,084	29,231,239	29,186,084
Underground Storage Tank Regulation				
Program Fund	143,113	223,597	229,961	223,597
NRPF - Air Pollution Permit Fee Subaccount	7,020,698	7,074,868	7,249,240	7,109,961
Water and Wastewater Loan Revolving Fund	0	20,061,444	31,061,444	31,061,444
Parks Sales Tax Fund	23,718,448	25,512,978	26,173,923	25,686,858
Soil and Water Sales Tax Fund	22,610,936	38,294,465	38,363,545	38,285,628
Water and Wastewater Loan Fund	621,120	62,744,007	51,761,626	51,744,007
Groundwater Protection Fund	389,587	460,108	472,583	460,108
Energy Set-Aside Program Fund	3,630,623	6,060,936	6,008,168	5,995,105
State Land Survey Program Fund	1,080,806	1,153,485	1,202,597	1,173,485
Petroleum Violation Escrow Fund	270,319	430,165	1,446,365	430,165
Dry-cleaning Environmental Response				
Trust Fund	0	200	481,315	481,315
Hazardous Waste Fund	1,762,453	2,176,834	2,484,588	2,424,555
Safe Drinking Water Fund	2,177,634	2,508,578	2,561,548	2,508,578
Coal Mine Land Reclamation Fund	75,895	1,069,840	1,070,917	1,069,840
Hazardous Waste Remedial Fund	1,092,980	1,713,232	1,457,557	1,421,532
Missouri Air Pollution Control Fund	447,406	61,295	50,333	48,800
Concentrated Animal Feeding Operation				
Indemnity Fund	0	100,000	100,000	100,000
Controlled Substances Cleanup Fund	0	125,000	125,000	125,000
Missouri Alternative Fuel Vehicle Loan Fund	0	300,050	300,050	300,050
Petroleum Violation Escrow Interest Subaccount	330,418	267,301	209,779	205,273
Mined Land Reclamation Fund	554,852	1,682,947	1,860,587	1,854,334
Babler State Park Fund	247,731	319,173	318,458	313,144
Other Funds	98,251	253,640	284,545	278,805
Full-time equivalent employees	1,811.00	2,059.84	2,078.34	2,058.34

\* Does not include \$825,001 recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Natural Resources supplemental appropriation.

## DEPARTMENT OF NATURAL RESOURCES

### POLICY SUMMARY

The Department of Natural Resources envisions a Missouri where people live and work in harmony with our natural and cultural resources, make decisions that result in a quality environment, and prosper today and in the future. To accomplish this, the department strives to preserve, protect, and enhance Missouri's natural, cultural, and energy resources and to inspire their enjoyment and responsible use for present and future generations. The Governor's Fiscal Year 2003 budget recommendations support the ongoing efforts to accomplish this work.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

**PROTECTING LAND AND WATER RESOURCES:** A primary goal of the department is to preserve and protect the natural resources of the state. Land and water are two of these essential resources. To support activities aimed at meeting this goal, the Governor's Fiscal Year 2003 recommendations include an additional:

- \$2,600,000 to implement two new grants for the environmental information exchange network and for environmental enforcement.
- \$715,436 to implement new Phase II stormwater permits required by federal regulations.
- \$481,115 to implement the dry-cleaning environmental response trust fund established in SB 577 (2000) and to contract for cleanups.
- \$400,000 to provide federal cleanup funds for leaking underground storage tanks not eligible for other funding sources.
- \$171,387 for expenses related to public hearings on land reclamation activities.
- \$135,778 to implement SB 374 (2001) and HB 453 (2001) regarding emissions banking and trading.

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's land and water follow:

	1999	2000	2001
	96.2%	97.7%	98.5%
Percentage of Missourians living where drinking water meets federal water standards			
Tons of waste diverted from Missouri landfills (millions)	1.90	2.00	N/A
Tons of solid waste disposed per capita	1.12	1.14	N/A
Tons of soil saved (cumulative)	65,906,419	68,662,914	72,092,856
Percent of land disturbed by mining activities that has been reclaimed	46.3%	46.2%	45.7%

**PROTECTING AIR QUALITY:** Missouri's air sustains us in everything we do. Today the majority of Missourians live where air quality meets government standards. To continue this trend, Missouri will have to balance environmental quality with the needs of industry and Missouri's citizens. The Governor's recommendations include an additional:

- \$360,000 for continuation of the St. Louis Community Air Project and to establish hazardous air pollutants and air monitoring stations in the Hyde Park and Hall Street area.

Some performance measures the Department of Natural Resources uses to evaluate the quality of Missouri's air follow:

	1998	1999	2000
Percentage of Missourians living where air meets government air quality standards for smog	65.10%	65.22%	65.32%
Percentage of Missourians living where air meets government air quality standards for lead	99.82%	99.95%	99.95%
Percentage of Missourians living where air meets government air quality standards for carbon monoxide	89.56%	100.00%	100.00%

## DEPARTMENT OF NATURAL RESOURCES

### POLICY SUMMARY (Continued)

**PROTECTING MISSOURI'S NATURAL RESOURCES:** Through its state parks system and related outreach programs, the department continues its strong commitment to preserve the state's natural and cultural heritage and to provide recreational opportunities. The department strives to balance preservation of significant natural and cultural resources with providing access to recreational activities. In 2000, the state parks system included 82 state parks and historic sites, covering approximately 138,600 acres and serving more than 18 million visitors annually. The Governor recommends \$35.5 million to continue operation of the parks. In an effort to make additional opportunities available, the Governor recommends:

- \$438,771 for the Confluence Park initiative, Johnson Shut-Ins and other park expansions, and enhancement of resale operations.

Some performance measures the Department of Natural Resources uses to evaluate the effectiveness of parks and historic preservation programs follow:

	1999	2000	2001
Percentage of Missouri's listed rare, endangered, or threatened species in state parks	167 of 791	176 of 843	176 of 843
Cumulative number of Missouri properties listed on the National Register of Historic Places	1,292	1,353	1,432
Number of state park visitors statewide	17,727,104	18,151,259	17,917,724
Number of camping permits issued	290,943	308,697	293,559

## **DEPARTMENT OF NATURAL RESOURCES**

### **OFFICE OF THE DIRECTOR**

The Office of the Director is responsible for the management of the department's five divisions, as well as the Outreach and Assistance Center, and for ensuring that the department meets all statutory responsibilities. The responsibilities include coordinating, developing, and implementing the department's strategic planning efforts, policy research, legislative initiatives, and employee relations' activities of the department. The Office of the Director represents Missouri before several regional and national organizations and agencies, including the U.S. Environmental Protection Agency, regional river basin associations, and the Midwest Interstate Low-Level Radioactive Waste Compact.

The Division of Administrative Support develops the department's budget; performs accounting, internal auditing, and procurement functions; administers the department's personnel policies; and supports a statewide communications-computer infrastructure.

### **Fiscal Year 2003 Governor's Recommendations**

- \$32,746 and .34 staff and related expenses transferred from the Water Protection and Soil Conservation Division.
- \$32,524 and .33 staff and related expenses transferred from the Division of State Parks, including \$6,119 general revenue.
- \$19,020 and .18 staff and related expenses transferred from the Air and Land Protection Division.
- \$7,373 and .08 staff and related expenses transferred from the Geology Survey and Resource Assessment Division.
- \$1,889 and .02 staff and related expenses transferred from the Outreach and Assistance Center.
- (\$350,000) other funds transferred to Agency-Wide Operations.
- (\$336,855) and (8.32) staff and related expenses transferred to the Outreach and Assistance Center, including (\$285,299) general revenue.
- (\$269,392) and (four) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$52,416) other funds and (two) staff transferred to the Division of State Parks.

### **AGENCY-WIDE OPERATIONS**

A number of issues are multi-faceted and require resources and expertise from several divisions within the Department of Natural Resources. To deal effectively with these issues, the department consolidated these operations agency wide. These include audits to comply with federal single audit regulations, assistance with environmental impacts of highway projects, and activities of the Petroleum Storage Tank Insurance Fund Board.

### **Fiscal Year 2003 Governor's Recommendations**

- \$160,000 other funds for an audit and actuarial study required by HB 453 (2001).
- \$350,000 other funds transferred to Agency-Wide Operations from Division of Administrative Support.
- \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.
- (\$1,755,459) and (two) staff in core reduction for one-time expenditures, including (\$825,000) general revenue.

## **DEPARTMENT OF NATURAL RESOURCES**

### **OUTREACH AND ASSISTANCE CENTER**

The Outreach and Assistance Center is a result of the department's Fiscal Year 2003 reorganization to better serve Missouri citizens. The Center performs a variety of vital department environmental, energy, preservation, and public outreach functions. It is comprised of the following offices:

- \* The Missouri Energy Center is Missouri's designated state energy office, helping Missourians use and produce energy wisely and efficiently to protect the environment and foster economic prosperity.
- \* The State Historic Preservation Office helps identify and preserve historic properties and cultural resources throughout the state, administers grants and loans, and assists taxpayers in qualifying for preservation tax credits.
- \* The Information and Education Office supports department public information and special events efforts. It publishes the quarterly magazine, "Missouri Resources," coordinates environmental education activities, and creates and distributes department publications, graphics, displays, and presentation materials.
- \* The Environmental Assistance Office is a non-regulatory service of the department providing business owners, farmers, local governments, and the general public with technical, managerial, and financial planning assistance for pollution control and prevention.
- \* The Community Assistance Office will serve as a portal or link between the public and the department's financial and technical services and will provide community planning assistance.
- \* The St. Louis and Kansas City Urban Outreach Offices serve as local portals for department services and provide outreach and assistance specific to the metropolitan areas. The Kansas City Urban Outreach Office is located in the Kansas City Discovery Center.
- \* The Fiscal and Administrative Services Office provides financial, administrative, computer, and web support to the Outreach and Assistance Center.

### **Fiscal Year 2003 Governor's Recommendations**

- \$25,000 other funds to provide a payback to state agencies for costs associated with biodiesel fuel purchases.
- \$2,940,846 and 46.48 staff and related expenses transferred from the Division of Environmental Quality Operations, including \$1,202,666 general revenue.
- \$2,274,140 and 25.97 staff and related expenses transferred from the Division of State Parks, including \$681,074 general revenue.
- \$336,855 and 8.32 staff and related expenses transferred from the Division of Administrative Support, including \$285,299 general revenue.
- \$159,526 and 2.02 staff and related expenses transferred from the Water Protection and Soil Conservation Division.
- \$121,120 and 1.12 staff and related expenses transferred from the Air and Land Protection Division.
- \$47,571 and 1.15 staff and related expenses transferred from the Missouri Energy Center.
- \$39,966 and .45 staff and related expenses transferred from the Geology Survey and Resource Assessment Division.
- (\$522,965) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$174,460) and (1.17) staff and related expenses transferred to the Outreach and Assistance Center, including (\$49,460) general revenue.

### **ENVIRONMENTAL IMPROVEMENT AND ENERGY RESOURCES AUTHORITY**

The Environmental Improvement and Energy Resources Authority (EIERA), under Chapter 260, RSMo, is an independent, self-supporting, quasi-governmental agency assigned to the Missouri Department of Natural Resources.

Due to the special independent status as "a body corporate and politic," the authority is able to issue tax-exempt bonds and utilize fees charged for issuance of its bonds and notes. The authority is empowered to conduct environmental and energy research and development activities, develop alternative methods of financing environmental and energy projects, and assist Missouri communities, organizations, and businesses in obtaining low-cost funds and other financial assistance for projects related to the authority purpose.

### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF STATE PARKS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
<b>PERSONAL SERVICE</b>				
General Revenue Fund	\$ 457,747	\$ 581,686	\$ 89,322	\$ 49,260
Federal Funds	347,144	426,835	62,371	60,229
State Park Earnings Fund	834,945	842,697	861,476	852,455
Historic Preservation Revolving Fund	17,199	55,504	0	0
DNR Cost Allocation Fund	1,037,824	1,046,278	1,131,386	1,098,723
State Facility Maintenance and Operation Fund	184,496	256,740	262,251	256,740
Parks Sales Tax Fund	17,114,968	18,358,787	18,935,518	18,448,453
Meramec-Onondaga State Parks Fund	10,100	10,893	10,893	10,893
Babler State Park Fund	160,684	212,177	211,462	206,148
<b>EXPENSE AND EQUIPMENT</b>				
General Revenue Fund	176,687	214,377	23,736	23,736
Federal Funds	94,555	282,831	202,412	202,412
State Park Earnings Fund	3,295,350	4,246,557	4,371,883	4,371,883
Historic Preservation Revolving Fund	12,509	650,000	0	0
DNR Cost Allocation Fund	83,937	140,229	146,229	146,229
State Facility Maintenance and Operation Fund	95,287	111,327	111,327	111,327
Parks Sales Tax Fund	6,310,920	6,999,626	7,083,840	7,083,840
Meramec-Onondaga State Parks Fund	3,988	5,600	5,600	5,600
Babler State Park Fund	87,047	106,579	106,579	106,579
<b>PROGRAM SPECIFIC DISTRIBUTION</b>				
General Revenue Fund	1,435,915	3,325,000	3,957,132	0
Federal Funds	248,295	2,324,034	2,324,034	2,324,034
State Park Earnings Fund	0	65,415	65,290	65,290
Historic Preservation Revolving Fund	300,992	350,000	0	0
Parks Sales Tax Fund	175,000	100,000	100,000	100,000
<b>TOTAL</b>	<b>\$ 32,485,589</b>	<b>\$ 40,713,172</b>	<b>\$ 40,062,741</b>	<b>\$ 35,523,831</b>
General Revenue Fund	2,070,349	4,121,063	4,070,190	72,996
Federal Funds	689,994	3,033,700	2,588,817	2,586,675
State Park Earnings Fund	4,130,295	5,154,669	5,298,649	5,289,628
Historic Preservation Revolving Fund	330,700	1,055,504	0	0
DNR Cost Allocation Fund	1,121,761	1,186,507	1,277,615	1,244,952
State Facility Maintenance and Operation Fund	279,783	368,067	373,578	368,067
Parks Sales Tax Fund	23,600,888	25,458,413	26,119,358	25,632,293
Meramec-Onondaga State Parks Fund	14,088	16,493	16,493	16,493
Babler State Park Fund	247,731	318,756	318,041	312,727
<b>Full-time equivalent employees</b>				
	720.72	775.82	755.52	755.52



## **DEPARTMENT OF NATURAL RESOURCES**

### **DIVISION OF STATE PARKS**

The Division of State Parks manages the many recreational, cultural, and historical resources of the Missouri state parks system. The division also administers programs to promote outdoor recreation statewide.

Missouri's state parks system consists of 82 state parks and historic sites covering approximately 138,460 acres and includes 4,000 campsites, 300 cabin and motel units, 9 dining lodges, and 13 group camps. The system is divided into six districts, with each of the district headquarters reporting to the Central Office in Jefferson City. Administrative, maintenance, and service personnel manage the lands and improvements, provide recreational and educational programs for visitors, and provide necessary law enforcement. Funding provided by the one-tenth of one percent parks and soils sales tax has been used for projects such as campground remodeling; the addition of shower houses and restrooms; paving of roads within campgrounds; restoration of landscapes; and additional personnel for maintenance, education, and site interpretation. The parks and soils sales tax provides continued restoration and improvement of the state parks system and allows division staff to better serve the almost 18 million people who visit parks and historic sites each year.

Central Office administration directs and coordinates the management of the state parks system. Responsibilities include personnel management, budget and policy development, and the evaluation of management procedures and performance. Central Office staff provides logistical support to the individual state parks; supervises the grounds maintenance of the State Capitol Complex; and operates the central sign shop, central warehouse, and aerial device unit. Staff also identifies unique natural areas which may require protection; conducts special studies related to parks operations and development; and prepares site, architectural, and engineering plans and maps.

The division assists the State Inter-Agency Council for Outdoor Recreation in the administration of grants that finance outdoor recreation projects. The division also provides assistance to the Lewis and Clark Bicentennial Commission in the administration of grants to local communities preparing for the upcoming commemoration of the "Corps of Discovery."

#### **Fiscal Year 2003 Governor's Recommendations**

- \$238,771 other funds and four staff and related expenses for the operation of the Confluence Park initiative, Johnson Shut-Ins, Big Sugar Creek, and other park operations.
- \$200,000 other funds for additional souvenirs, publications, and resale items.
- \$52,416 other funds and two staff and related expenses transferred from the Division of Administrative Services.
- (\$3,337,990) core reduction for one-time expenditures, including (\$3,325,000) general revenue.
- (\$1,827,115) and (16.01) staff and related expenses transferred to the Outreach and Assistance Center, including (\$681,074) general revenue.
- (\$447,025) federal funds and (9.96) staff and related expenses transferred to the Geological Survey and Resource Assessment Division.
- (\$35,874) core reduction from the Fiscal Year 2002 appropriation level.
- (\$32,524) and (.33) staff and related expenses transferred to the Office of Director, including (\$6,119) general revenue.

## DEPARTMENT OF NATURAL RESOURCES

### GEOLOGICAL SURVEY AND RESOURCE ASSESSMENT DIVISION

The Geological Survey and Resource Assessment Division's main offices are in Rolla, Missouri. The mission of this division is to investigate the state's geology and apply technical knowledge to environmental decisions; to determine the character and availability of the state's water, energy and mineral resources; to restore and maintain the original land survey monuments and maintain a repository of land survey records; to enforce the state's dam and reservoir safety laws as well as the well driller's law, and to distribute technical information. The division's work focuses on those areas where Missourians are best served by sound environmental science.

Geological Survey Program - The Geological Survey Program provides a wide variety of geological activities that assist citizens, industry, academia, and government. The program works closely with other environmental regulatory programs to evaluate geologic conditions where geologic information is essential for proper environmental planning and decision making. The program also regulates all well drilling activities in Missouri, permitting well drillers, certifying proper construction of new wells, and registering the proper abandonment of old wells. Geologic mapping, mineral resource assessments, and geologic and earthquake hazard evaluations are other program activities.

Water Resources Program – Program staff provides information for Missouri's comprehensive water needs by examining surface water and groundwater resource use and availability. Hydrologists and geologists study our water resources to help prevent contamination and to develop water supplies for use. The program maintains a statewide aquifer-monitoring network with real time water quantity data. They also analyze surface water flow data to help the state plan for flood and drought conditions. The program holds strong representation on numerous interstate and interagency river basin associations for negotiations, reviews, and decision-making purposes to defend our state's water resources. The State Water Plan is the responsibility of this program.

Dam and Reservoir Safety Program – Public safety is the focus of this program. The program is responsible for protecting the lives and property of Missourians that live below the approximately 600 dams that they regulate. Under the authority of the Dam and Reservoir Safety Council, program staff reviews dam permit applications, inspects existing dams for safety hazards, conducts field visits to be sure that construction is in compliance with engineering plans, and makes every effort to ensure dam structures are safe. Emergency assistance is provided when a major flood or seismic event occurs.

Land Survey Program – Since the inception of the Land Survey Program in 1969, Missouri has experienced a reversal in the trend of lost land corners. A statewide geographic reference system is maintained by the program and they manage a statewide repository of land records. Land survey information is available for specific regions or the public can view the original land survey notebooks and information collected when the state was first surveyed. The program works with private surveyors and counties to maintain the state's U.S. Public Land Survey System that serves as our framework for the determination of all property boundaries.

Administration – This section supports the division with personnel, budget, and other financial matters. Information distribution and database management are the responsibility of this program. The building maintenance, computer support, and division management is in this program. The division director serves as Missouri's State Geologist and serves on several boards and commissions.

### Fiscal Year 2003 Governor's Recommendations

- (\$58,284) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$39,966) and (.45) staff and related expenses transferred to the Outreach and Assistance Center.
- (\$7,373) and (.08) staff and related expenses transferred to the Office of the Director.

**DEPARTMENT OF NATURAL RESOURCES  
ENVIRONMENTAL PROGRAMS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Environmental Quality Operations	\$ 42,634,604	\$ 49,699,102	\$ 0	\$ 0
Water Protection and Soil Conservation	0	0	24,920,756	23,693,262
Air and Land Protection	0	0	27,181,177	26,382,267
Inspection/Maintenance	710,661	2,318,447	2,097,982	2,068,447
Environmental Finance Support	32,010,534	185,522,724	186,897,524	186,197,524
DIVISIONAL TOTAL	\$ 75,355,799	\$ 237,540,273	\$ 241,097,439	\$ 238,341,500
PERSONAL SERVICE				
General Revenue Fund	6,602,232	6,754,680	6,099,649	5,538,710
Federal Funds	9,616,296	11,281,447	11,349,013	10,948,195
Solid Waste Management Fund	900,345	930,185	877,473	845,381
NRPF - Air Pollution Permit Fee Subaccount	3,655,919	3,871,032	3,764,550	154,714
Petroleum Storage Tank Insurance Fund	979,109	1,093,606	1,135,006	1,093,606
Soil and Water Sales Tax Fund	1,710,211	1,972,261	2,050,178	1,972,261
Missouri Air Pollution Control Fund	346,396	41,510	43,043	41,510
Water and Wastewater Loan Fund	436,768	428,947	445,329	428,947
Hazardous Waste Remedial Fund	690,494	950,221	863,966	832,352
Other Funds	6,849,804	8,725,435	9,409,165	12,569,303
EXPENSE AND EQUIPMENT				
General Revenue Fund	2,272,602	1,877,258	1,524,841	1,081,295
Federal Funds	4,167,998	11,010,639	13,464,249	13,464,249
Solid Waste Management Fund	203,420	241,359	227,209	227,209
NRPF - Air Pollution Permit Fee Subaccount	1,640,173	1,174,172	1,059,956	1,059,956
Soil and Water Sales Tax Fund	1,063,642	1,464,494	1,464,494	1,464,494
Petroleum Storage Tank Insurance Fund	163,321	213,010	213,010	213,010
Water and Wastewater Loan Fund	154,725	255,746	255,746	255,746
Hazardous Waste Remedial Fund	251,123	578,232	399,401	399,401
Missouri Air Pollution Control Fund	101,010	19,785	7,290	7,290
Other Funds	2,810,366	7,664,933	8,622,750	8,622,750
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	251,907	2,732,859	2,482,859	2,482,859
Federal Funds	3,859,662	3,785,392	4,147,792	4,147,792
Solid Waste Management Fund	11,109	6,299,986	6,299,986	6,299,986
NRPF - Air Pollution Permit Fee Subaccount	1,709,622	1,952,000	1,954,400	1,954,400
Water and Wastewater Loan Revolving Fund	0	20,000,000	31,000,000	31,000,000
Soil and Water Sales Tax Fund	19,669,567	34,648,544	34,648,544	34,648,544
Water and Wastewater Loan Fund	0	62,000,000	51,000,000	51,000,000
Hazardous Waste Remedial Fund	1,278	10,638	15,638	150,000
Other Funds	4,175,487	45,261,902	45,271,902	45,137,540
FUND TRANSFERS				
General Revenue Fund	1,061,213	300,000	1,000,000	300,000
TOTAL	\$ 75,355,799	\$ 237,540,273	\$ 241,097,439	\$ 238,341,500
General Revenue Fund	10,187,954	11,664,797	11,107,349	9,402,864
Federal Funds	17,643,956	26,077,478	28,961,054	28,560,236
Solid Waste Management Fund	1,114,874	7,471,530	7,404,668	7,372,576
Petroleum Storage Tank Insurance Fund	1,142,430	1,306,616	1,348,016	1,306,616
NRPF - Air Pollution Permit Fee Subaccount	7,005,714	6,997,204	6,778,906	3,169,070
Water and Wastewater Loan Revolving Fund	0	20,000,000	31,000,000	31,000,000
Soil and Water Sales Tax Fund	22,443,420	38,085,299	38,163,216	38,085,299
Water and Wastewater Loan Fund	591,493	62,684,693	51,701,075	51,684,693
Hazardous Waste Remedial Fund	942,895	1,539,091	1,279,005	1,381,753
Missouri Air Pollution Control Fund	447,406	61,295	50,333	48,800
Other Funds	13,835,657	61,652,270	63,303,817	66,329,593
Full-time equivalent employees	845.28	984.00	950.36	939.36

## DEPARTMENT OF NATURAL RESOURCES

### ENVIRONMENTAL PROGRAMS

#### DIVISION OF ENVIRONMENTAL QUALITY

The Department of Natural Resources reorganized for Fiscal Year 2003. The Division of Environmental Quality is eliminated and replaced with two new divisions. The Water Quality Protection and Soil Conservation Division was created to focus on specific environmental issues dealing with water pollution, public drinking water, and soil and water conservation. The Air and Land Protection Division was created to focus on specific issues dealing with air pollution, solid waste management, hazardous waste, and land reclamation.

#### Fiscal Year 2003 Governor's Recommendations:

- (\$23,283,794) and (443.48) staff and related expenses transferred to the Water Protection and Soil Conservation Division, including (\$4,425,799) general revenue.
- (\$23,078,874) and (468.38) staff and related expenses transferred to the Air and Land Protection Division, including (\$2,603,051) general revenue.
- (\$3,096,492) and (49.62) staff and related expenses transferred to the Outreach and Assistance Center, including (\$1,483,312) general revenue.
- (\$188,176) federal and other funds for one-time expenditures.
- (\$51,766) and (.52) staff and related expenses transferred to the Office of the Director.

#### WATER PROTECTION AND SOIL CONSERVATION DIVISION

The Water Protection and Soil Conservation Division oversees the state's environmental programs in the areas of wastewater, drinking water, and soil conservation. Structurally, there is an administrative unit and three programs, six regional offices, and seven satellite offices. These functional components are responsible for implementing and enforcing state and federal environmental statutes and programs.

Administration - Division administrative staff coordinates program activities, analyzes personnel procedures, coordinates budget preparation, reviews and implements legislation, reviews program reports, and represents the programs and commissions at departmental, state, and federal meetings. The administrative staff also maintains a divisional management system to identify and address environmental issues.

Water Pollution Control Program - The Water Pollution Control Program implements state laws, regulations, and policies developed by the Clean Water Commission to maintain and improve water quality. The staff provides administrative and technical assistance to the commission, issues and monitors wastewater discharge permits, reviews engineering plans and specifications for new facilities, enforces state water quality regulations, trains wastewater treatment plant operators, and administers state and federal grants and the state revolving loan fund for the construction of wastewater treatment facilities.

Public Drinking Water Program - The Public Drinking Water Program strives to ensure that the public receives drinking water that is free from harmful levels of contaminants. The staff evaluates and records water sample data to provide early detection of health problems, maintains historical records of water quality analyses and trends, and reviews engineering plans for water treatment facilities. The program administers grants to small communities to partially fund the construction of water supply systems. The Department of Health and Senior Services assists the program to protect public health by conducting bacteriological laboratory analyses.

Soil and Water Conservation Program - The Soil and Water Conservation Program implements the policies of the Soil and Water Districts Commission. Staff assists Missouri's soil and water conservation districts and administers several soil conservation programs funded by one-half of the one-tenth of one percent sales tax renewed by Missouri voters in November 1988.

Sales tax funded programs include: state cost-share grants for 50-75 percent of farmers' costs of approved soil conservation practices, low-interest loans for conservation practices and equipment, grants to local districts for administrative expenses and technical assistance, special incentives for intensive conservation measures in specified areas, and grants for research on soil conservation problems. These programs represent a significant investment by all Missourians in the long-term productivity of our most basic resource, the soil. Sales tax funds also are used to accelerate soil survey mapping efforts to provide factual information on Missouri soils.

## DEPARTMENT OF NATURAL RESOURCES

### ENVIRONMENTAL PROGRAMS (Continued)

#### WATER PROTECTION AND SOIL CONSERVATION DIVISION (Continued)

Regional Offices - The department has regulatory authority over more than 80,000 permitted/approved facilities in the state. Since these are located throughout the state, regional and satellite offices have provided compliance oversight to ensure the environment and citizens' health and safety are protected. Staff typically completes over 15,000 inspections and over 4,000 complaint investigations. The six regional offices are located in Jefferson City, Kansas City, Macon, Poplar Bluff, Springfield, and St. Louis.

#### Fiscal Year 2003 Governor's Recommendations:

- \$715,436 other funds and four staff and related expenses to promote stormwater permits mandated by federal regulations.
- \$23,283,794 and 443.48 staff and related expenses transferred to the Division of Environmental Quality, including \$4,425,799 general revenue.
- (\$305,968) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### AIR AND LAND PROTECTION DIVISION

The Air and Land Protection Division oversees the state's environmental programs in the areas of air pollution control, hazardous waste management, solid waste management, mining reclamation, and the Environmental Services Program (ESP) which consists of the environmental laboratory and emergency response. Structurally, there is an administrative unit and five programs. These six functional components are responsible for implementing and enforcing state and federal environmental statutes and programs.

Administration - Division administrative staff coordinates program activities, analyzes personnel procedures, coordinates budget preparation, reviews and implements legislation, reviews program reports, and represents the programs and commissions at departmental, state, and federal meetings. The administrative staff also maintains a divisional management system to identify and address environmental issues.

Environmental Services Program - The Environmental Services Program coordinates state, federal, and local efforts during environmental emergencies and ensures that the emergency is brought to a safe and environmentally sound conclusion; investigates petroleum leaks from underground storage tanks and laboratory analyses in support of the ESP's responsibilities, as well as in support of the other programs within the division.

Air Pollution Control Program - The Air Pollution Control Program provides staff support to the Air Conservation Commission which is responsible for developing policies to maintain and enhance the state's air quality. Staff coordinates air pollution control activities among other programs in the division and with local air pollution control agencies. In addition, staff updates the state implementation plan, evaluates air quality data to determine the need for air pollution control, and implements a vehicle emissions inspection/maintenance program in the St. Louis area. Staff also inspects air pollution sources to determine compliance with regulations, provides needed technical assistance, evaluates permit applications, and controls equipment to ensure compliance with state air quality standards.

Solid Waste Management Program - The Solid Waste Management Program protects public health and the environment by requiring proper management of solid waste. This is accomplished by encouraging waste reduction, reuse, recycling, energy recovery, improved processing, and proper disposal. The implementation of alternatives to landfills will eliminate the potential shortage of landfill capacity and encourage a better use of our natural resources. By effectively regulating solid waste facilities and requiring implementation of solid waste management plans, water pollution, air pollution, and the transmission of disease can be prevented.

Hazardous Waste Management - State law requires oversight of hazardous waste practices from the point of generation through final disposal. Hazardous waste generators are required to register with the Hazardous Waste Program and the movement of waste is tracked through a manifest and quarterly reporting system. These systems allow the program to identify the amount and types of waste which are generated, stored, containerized, transported off-site, and treated or disposed of so it can detect any illegal or improper handling of waste which may threaten public health or the environment.

The Hazardous Waste Program also uses several means to solve problems at abandoned or uncontrolled hazardous waste sites including preliminary assessments, site investigations, feasibility studies, remedial investigations, interim remedial measures, immediate removals, and long-term or final remedial actions. The various steps of cleaning up a hazardous waste site may be conducted in coordination with the U.S. Environmental Protection Agency, solely by the state, or by the responsible party with state oversight.

## DEPARTMENT OF NATURAL RESOURCES

### ENVIRONMENTAL PROGRAMS (Continued)

#### AIR AND LAND PROTECTION DIVISION (Continued)

Land Reclamation Program - The Land Reclamation Program provides staff support and technical assistance to the Land Reclamation Commission. The commission regulates the mining of coal and other mineral commodities in Missouri and provides for the reclamation of mined lands. Staff reviews mining and reclamation plans, issues permits that require surety bonds for the reclamation of mined lands, and inspects sites for reclamation performance. Permit applications also are evaluated for the mining of barite, tar sands, clay, limestone, sand, and gravel. Other program staff inventories abandoned mines, assesses pollution problems, and establishes priorities for the reclamation of abandoned mined lands.

#### Fiscal Year 2003 Governor's Recommendations

- \$2,600,000 federal funds for grants for environmental database exchange among states and environmental enforcement.
- \$286,000 federal and other funds for air monitoring in the St. Louis area.
- \$281,115 other funds and 4.5 staff to implement SB 577 (2000) for the Dry-cleaning Facility Environmental Cleanup Program.
- \$171,387 other funds and one staff and related expenses for costs related to public hearings on land reclamation issues.
- \$135,778 other funds and two staff to implement SB 374 (2001) and HB 453 (2001) for emissions banking and trading.
- \$23,078,874 and 468.38 staff transferred from the Division of Environmental Quality, including \$2,603,051 general revenue.
- (\$170,887) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### INSPECTION/MAINTENANCE

The Gateway Clean Air Program is part of Missouri's continuing efforts to improve the air quality in the St. Louis area. A major component of the program is the enhanced vehicle emissions test. The emissions test uses state-of-the-art technology and is designed to identify the total amount of emissions generated by today's computer-controlled vehicles under normal driving conditions. The outcome will be cleaner cars on the road and cleaner air to breathe.

#### Fiscal Year 2003 Governor's Recommendations

- (\$250,000) core reduction from the Fiscal Year 2002 appropriation level.

#### ENVIRONMENTAL FINANCE SUPPORT PROGRAM

The department continues to provide various pass-through funds for local governments and others to address air pollution, provide for the cleanup of abandoned and uncontrolled hazardous waste sites as well as reclamation of mined sites, monitoring and testing of drinking water supplies, and providing infrastructure funds for drinking water and wastewater facilities.

#### Fiscal Year 2003 Governor's Recommendations

- \$400,000 federal funds to maximize funds available from the Federal Leaking Underground Storage Tank Agreement to clean up sites not eligible for other funding source.
- \$200,000 other funds to implement SB 577 (2000) for the Dry-cleaning Facility Environmental Cleanup Program.
- \$74,800 federal and other funds to continue air monitoring stations in St. Louis and to establish stations in the Hyde Park and Hall Street areas.

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# DEPARTMENT OF CONSERVATION

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Personal Service	\$ 65,412,097	\$ 69,627,469	\$ 71,879,140	\$ 69,627,469
Expense and Equipment	41,846,762	53,860,411	52,160,411	52,160,411
Program Specific Distribution	3,366,391	1,583,465	3,283,465	3,283,465
<b>TOTAL</b>				
Conservation Commission Fund	\$ 110,625,250	\$ 125,071,345	\$ 127,323,016	\$ 125,071,345
Full-time equivalent employees	1,835.61	1,871.61	1,871.61	1,871.61

## POLICY SUMMARY

Overseen by the four-member Conservation Commission, the Department of Conservation works to manage, restore, conserve, and regulate the bird, fish, game, forests, and all other wild resources in the state. Along with the goal of creating healthy, sustainable plant and animal communities well into the future, the department also works to provide opportunities for all citizens to use, enjoy, and learn about Missouri plant and animal communities. As part of a long-range, strategic planning process, the department has met with citizens statewide to design an operations plan. Key areas of the plan address: public land and water, private land and water, information and public awareness, education and interpretation, research and monitoring, and regulation and enforcement.

The department carries out its duties through 12 major units: Fisheries, Wildlife, Forestry, Protection, Design and Development, Outreach, Administrative Services, Natural History, Human Resources, General Counsel, Internal Auditor, and Private Lands Services. The Conservation Department protects, preserves, and sustains forests and wildlife on the lands it owns and manages; however, the majority of Missouri land is in private hands (about 93 percent or 41.5 million acres). The Private Lands Services Program reaches out to private landowners to improve conservation practices on their farms, forests, and land holdings. At the heart of this approach is a cadre of private land conservationists living in local communities to deliver, upon request, conservation information, programs, and assistance to private landowners, large and small. Department employees help private landowners maintain or improve the value they get from their land, while they optimize their property's fish, wildlife, and forestry habitats. The Governor recommends \$125.1 million to support the department's efforts.

Following are some performance measures the Department of Conservation uses to evaluate its goal of protecting Missouri's fish, forest, and wildlife:

	1999	2000	2001
Number of acres of Conservation land available (fee title)	764,644	768,397	771,630
Number of acres designated as Missouri natural areas	52,605	52,339	54,378
Number of hunting and fishing permit holders	1,426,485	1,414,485	1,652,422
Number of visitors to nature centers/interpretive sites	852,000	845,000	780,000
Number of Stream Team members	26,455	31,180	35,250
Number of landowner contacts	N/A	13,487	26,504
Number of people receiving hunter certification	26,663	28,993	29,895
Number of stream and lake motor boat accesses	220	235	247

### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

# DEPARTMENT OF ECONOMIC DEVELOPMENT

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Business Development	\$ 11,028,170	\$ 13,548,115	\$ 12,382,290	\$ 10,611,382
Business Expansion and Attraction	28,466,415	35,102,095	34,948,788	29,428,805
Community Development	51,461,135	56,169,603	55,417,850	48,811,458
Workforce Development	63,794,422	100,838,097	101,383,607	100,738,413
Division of Tourism	15,821,627	17,565,282	17,832,811	12,300,197
Affordable Housing	4,823,124	4,025,806	4,055,823	4,025,806
Financial Institution Safety and Soundness	5,471,505	6,018,182	6,133,237	5,970,099
Motor Carrier and Railroad Safety	2,943,103	4,416,933	4,912,325	4,258,647
Utility Regulation	16,343,738	19,149,679	19,455,902	19,098,979
Professional Registration	11,363,490	13,448,194	14,498,653	14,278,736
Administrative Services	8,096,710	11,967,760	12,246,077	11,280,525
DEPARTMENTAL TOTAL	\$ 219,613,439	\$ 282,249,746 *	\$ 283,267,363	\$ 260,803,047
General Revenue Fund	63,834,967	63,581,724	62,639,635	41,338,957
Federal Funds	103,517,728	142,648,833	143,279,107	142,574,975
Other Funds	52,260,744	76,019,189	77,348,621	76,889,115
Full-time equivalent employees	1,369.24	1,648.04	1,654.04	1,612.04

\* Does not include \$2,200,000 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Economic Development supplemental appropriations.

## POLICY SUMMARY

Governor Holden's Fiscal Year 2003 budget for the Department of Economic Development continues efforts to help ensure Missouri's economic success. The department works to enhance Missouri's business climate, strengthen Missouri's workforce, and improve Missouri's communities.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

### Enhancing Missouri's Business Climate

Missouri experienced challenges in 2001 as the longest economic expansion in U.S. history came to an end. Despite rising unemployment rates and the loss of jobs all around the state, Missouri maintained a high national ranking on the cost of living index and personal income in the state continued to grow at a rate of .73 percent, second among neighboring states. Further, in 2001 more than 100 businesses assisted by the Department of Economic Development announced plans to move or expand into Missouri resulting in new jobs for Missourians.

The department administers 31 tax credit programs. Seven of these programs focus on business recruitment. In Fiscal Year 2001, \$38 million worth of these business recruitment tax incentives resulted in 10,246 new jobs and \$849 million in new investment. Eight of these programs focus on entrepreneurs and small businesses. Investments of \$27 million in these incentives in Fiscal Year 2001 resulted in \$353 million in new private investment. In Fiscal Year 2003, Governor Holden will maintain the use of these incentives resulting in a projected \$88 million to be used by new, expanding, and developing businesses in Missouri.



## DEPARTMENT OF ECONOMIC DEVELOPMENT

### POLICY SUMMARY (Continued)

Some performance measures the Department of Economic Development uses to evaluate Missouri's economic prosperity follow:

	1999	2000	2001
Total number of Missourians employed	2,745,464	2,828,380	2,852,100
Sales of Missouri businesses through DED programs (billions)	\$.847	\$1.515	\$1.885
Cost savings of Missouri firms through DED programs (millions)	\$11.8	\$19.99	\$25.46
Direct tourist expenditures in Missouri (billions)	\$5.6	\$5.7	N/A

#### **Strengthening Missouri's Workforce**

Strengthening Missouri's workforce requires the state to provide for a well-trained worker. The Department of Economic Development strives to ensure Missourians have the opportunity to reach their economic potential through the Missouri WORKS! program, Missouri Career Centers and tax incentives, which allow employers to increase the skills of their workers. Missouri WORKS! and Missouri Career Centers focus on employment, labor market information, and training. The services are available to both employees and employers. Missouri's three job training tax incentive programs allow employers to increase the skills of their workers. In Fiscal Year 2001, Missouri employers redeemed \$12 million tax credits resulting in 1,846 new jobs. To further ensure Missouri workers meet their economic potential and Missouri employers have the best possible workforce, Governor Holden is maintaining the use of these tax incentive programs resulting in a projected \$14 million available in Fiscal Year 2003.

Some performance measures the Department of Economic Development uses to evaluate Missouri's labor force follow:

	1999	2000	2001
Number of Missourians using DED services to bring them above the poverty level	N/A	17,830	21,730
Number of people who use DED services and obtain employment	N/A	90,158	94,814
Number of people who use DED services to obtain a higher wage job	N/A	62,229	79,347

#### **Improving Missouri Communities**

Missouri communities, both rural and urban, need assistance for redevelopment, housing, and to ensure success of community programs. The Department of Economic Development administers 13 tax credit programs that provide communities assistance in improving their economic performance, enhancing quality of life, and sustaining economic growth. In Fiscal Year 2001, Missourians redeemed \$86 million tax credits for redevelopment projects, community development projects, and housing. In return for that investment, Missouri communities enjoyed increased private investment in redevelopment of \$366 million and an additional \$226 million in affordable housing. Additionally, the use of the credits created 1,417 jobs and assisted 3,325 housing units. To further encourage community development, Governor Holden is maintaining the use of these tax incentive programs resulting in \$173 million in tax savings for Missourians who are dedicated to making communities better.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### **BUSINESS DEVELOPMENT**

The Department of Economic Development continues to provide timely and useful services to Missouri businesses through the Business Development Group which offers the following programs:

Office of Business Information - The Missouri Business Assistance Center, Missouri Product Finder, and the Arts and Crafts programs are operated by this office. Businesses are provided information on how to start a business in Missouri, current state business regulations, and correct state business development referrals.

Office of Business Finance - Increasing private investment in Missouri small businesses, incubators, and research activities, as well as leveraging investments, are the goals of several special programs in the Office of Business Finance. State tax credits and special loan programs such as Small Business Incubator Tax Credits, Research Expense Tax Credits, Small Business Investment Capital Tax Credits, Certified Capital Companies, Seed Capital Tax Credits, and the Urban Enterprise Loan Program are offered to eligible businesses.

Office of Productivity - Missouri businesses wishing to compete in a global economy often need assistance increasing their efficiency, productivity, profitability, and wealth. The Office of Productivity provides valuable resources to these businesses through Innovation Centers and the Missouri Enterprise Program.

Office of International Marketing - This office focuses on the development of international export sales of Missouri products and services. Businesses may contact offices located in Jefferson City; St. Louis; Kansas City; Dusseldorf, Germany; Tokyo, Japan; Seoul, Korea; Guadalajara, Mexico; Singapore; Brazil; and Chile for assistance with international and domestic sales growth.

Office of Minority Business - Minority- and women-owned businesses are an important asset to Missouri business development. This office seeks to increase the number of successful minority- and women-owned businesses by providing various types of direct and personal assistance. These businesses may learn how to access Missouri and federal programs designed to help operate or start successful businesses, as well as how to identify and capture economic opportunities. In addition to acting as an advocate for minority- and women-owned firms, the Office of Minority Business encourages government agencies and large corporations to purchase products, supplies, and services from these firms.

### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,736,733) and (one) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$1,200,000) for one-time expenditures, including (\$1,000,000) general revenue.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### **BUSINESS EXPANSION AND ATTRACTION**

The Business Expansion and Attraction Group partners with communities and businesses to expand existing businesses and attract new business to Missouri. Success for this group is measured by increases in business investment in Missouri, in jobs available in Missouri, and in Missouri income. Assistance is offered through the following programs:

Business Attraction Program - On a world-wide basis, this group facilitates the identification and location of new industries and services into Missouri. Services may include presenting the state as a cost-effective and potentially profitable location for investment, working with local communities to offer a site or building to potential businesses, or providing other assistance to prospective companies.

Research and Development Program - Information is a valuable resource, particularly when attempting to attract and retain business in the state. The Research and Development Program provides a wide variety of research information, including trade publications, business directories, target industry research, business climates, wages by occupation, labor reports, etc.

Incentives Program - This program administers the business financing and tax credit programs available to businesses as encouragement to locate or expand their business in Missouri.

Business Promotion - The mission of the Business Promotion Program is to design a marketing plan to inform business decision makers about the advantages associated with locating or expanding in Missouri, and to develop strategies to keep existing Missouri businesses informed of incentives available to them for improvements and expansions.

Missouri Job Development Fund - The Missouri job development fund allows the state to provide training to new and expanding businesses. Funding is also used to retrain employees of existing businesses to prevent plant shutdowns by both direct training and increasing ability to leverage federal funds.

Missouri Community College New Jobs Training - Created by Sections 178.892-178.896, RSMo, the Missouri Community College New Jobs Training Program provides an incentive for the creation of new jobs by providing education and training of workers for new or expanding industries by community college districts.

Missouri Development Finance Board - The Missouri Development Finance Board administers a range of financing programs for Missouri businesses, local governments, and state agencies. The board issues industrial revenue bonds or notes, provides loan guarantees to fund capital expansion projects, provides market rate or low-interest loans and grants to political subdivisions and public infrastructure improvements, and grants tax credits against certain state income taxes in exchange for contributions made to the board. The majority of its activities revolves around financing the start-up or expansion of small- and medium-sized manufacturing companies in Missouri.

### **Fiscal Year 2003 Governor's Recommendations**

- \$66,318 other funds transferred from Missouri Job Development grants for salaries.
- (\$5,458,420) and (14.50) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$81,188) and (two) staff transferred to the Division of Community Development and to Administrative Services.
- (\$200,000) for one-time expenditures.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
COMMUNITY DEVELOPMENT**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Community Development Programs	\$ 38,972,240	\$ 44,965,673	\$ 42,895,017
Rural Development Grants	306,619	512,500	315,000
Missouri Rural Opportunities Council	72,578	189,220	115,362
Missouri Arts Council	5,952,961	7,372,342	5,396,079
Arts Council - Transfer	5,194,060	2,597,030	0
Humanities Council - Transfer	865,677	432,838	0
Main Street Program - Transfer	97,000	100,000	90,000
DIVISIONAL TOTAL	\$ 51,461,135	\$ 56,169,603	\$ 48,811,458
PERSONAL SERVICE			
General Revenue Fund	1,526,273	1,745,804	1,318,364
Federal Funds	825,670	963,947	975,366
EXPENSE AND EQUIPMENT			
General Revenue Fund	875,779	1,005,776	928,967
Federal Funds	526,130	537,888	863,523
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	13,267,688	14,031,660	7,740,203
Federal Funds	34,439,595	31,984,528	31,585,035
Department of Economic Development Administrative Fund	0	250,000	250,000
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
Property Reuse Fund	0	5,400,000	4,900,000
TOTAL	\$ 51,461,135	\$ 56,169,603	\$ 48,811,458
General Revenue Fund	15,669,740	16,783,240	9,987,534
Federal Funds	35,791,395	33,486,363	33,423,924
Department of Economic Development Administrative Fund	0	250,000	250,000
Youth Opportunities and Violence Prevention Fund	0	250,000	250,000
Property Reuse Fund	0	5,400,000	4,900,000
Full-time equivalent employees	69.74	77.75	63.25

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **COMMUNITY DEVELOPMENT**

The mission of the Community Development Group is to increase the capacity of communities and neighborhoods to utilize their resources to raise the economic performance of disadvantaged communities. Capacity is increased by encouraging communities to establish long-term community development programs, economic development programs, and public/private partnerships that improve, strengthen, and diversify local economies and communities. This capacity building entails leadership development, planning, volunteer development, alternative economic development activities, infrastructure improvement, youth development, and enabling local investments directly tied to the needs of the community for enhancing the quality of life and preparing communities for economic, sustainable growth.

#### **COMMUNITY DEVELOPMENT PROGRAMS**

Community development programs help communities expand their economic base and improve the quality of life. Grants are awarded to help revitalize communities. Tax credits are offered to help finance redevelopment costs. Youth crime prevention is promoted and regional offices assist all areas of the state.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$53,151 and one staff transferred from the Division of Business Expansion and Attraction, including \$41,732 general revenue.
- (\$1,123,807) and (15.50) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$1,000,000) for one-time expenditures, including (\$500,000) general revenue.

#### **RURAL DEVELOPMENT GRANTS**

The Rural Development Program, which includes the Rural Development Council and rural development grants, provides technical assistance and grants to communities with populations below 15,000. The grants are for job creation and retention, business attraction, and resource recovery.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$197,500) core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI RURAL OPPORTUNITIES COUNCIL**

The Missouri Rural Opportunities Council (MoROC) is one of numerous state rural development councils comprising the National Rural Development Partnership. Currently over 500 representatives of federal, state, local, and tribal governments, as well as the private for-profit and not-for-profit sectors, are brought together by MoROC. This neutral forum is designed to define and frame Missouri's rural issues, examine resulting barriers to rural development statewide, and collaborate in removing the impediments to an improved quality of life for all of rural Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$73,858) federal funds for one-time expenditures.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **MISSOURI ARTS COUNCIL**

The Missouri Arts Council (MAC) provides administrative support for the state art agency. As both a funding agency and a comptroller, MAC staff is charged with reviewing funding requests, allocating state and federal funds appropriated for arts programs, monitoring the expenditures of those funds, and providing technical and professional assistance to grantees.

A number of state programs provided by the MAC stimulate and support the arts, including program assistance awards. Statewide programs sponsored by MAC are: Community Arts, Touring Folk Arts, Artist-in-Residence, Visual Arts and Writer's Biennials, public information, and special initiatives. The Community Arts Program awards grants to help local arts councils present arts programs in non-metropolitan areas. The Touring Program provides technical and financial assistance to local arts organizations for tour dates that they book with Missouri visual and performing artists and arts groups. The Artist-in-Residence Program provides short- and long-term residencies for Missouri artists or ensembles in Missouri's elementary schools. Public information services include newsletters, workshops, and directories of community arts councils and artists. The Visual Arts and Writer's Biennials are two-year programs that alternately support, then exhibit, the work of selected Missouri artists. Program-assistance awards, which provide seed money, are made on a 50/50 matching basis to not-for-profit applicants throughout Missouri. Citizen advisory panels recommend the allocation basis for program-assistance dollars for each of the discipline areas (dance, music, etc.). Special initiatives, targeted projects initiated by MAC itself, include the African-American Cultural Initiative, arts education programs for Missouri public schools, and statewide conferences. The MAC also serves as an agent for a pass-through for the Missouri Humanities Council appropriation.

### **Fiscal Year 2003 Governor's Recommendations**

- (\$1,976,263) core reduction from the Fiscal Year 2002 appropriation level.

### **ARTS COUNCIL TRANSFER**

Section 143.183, RSMo, allows for the transfer of 60 percent of state income tax revenues for nonresident, professional athletes and entertainers to the Missouri arts council trust fund.

- (\$2,597,030) core reduction from the Fiscal Year 2002 appropriation level.

### **HUMANITIES COUNCIL TRANSFER**

Section 143.183, RSMo, allows for the transfer of ten percent of state income tax revenues from nonresident, professional athletes and entertainers to the Missouri humanities council trust fund.

- (\$432,838) core reduction from the Fiscal Year 2002 appropriation level.

### **MAIN STREET PROGRAM TRANSFER**

Sections 251.470-251.485, RSMo, allow for the general assembly to appropriate funds to the Missouri main street program fund.

- (\$10,000) core reduction from the Fiscal Year 2002 appropriation level.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
WORKFORCE DEVELOPMENT**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Workforce Development Administration	\$ 19,543,559	\$ 22,768,223	\$ 22,918,586
Workforce Programs	43,812,403	77,450,000	77,450,000
Women's Council	136,053	164,707	153,827
Caring Communities	246,589	239,167	0
Special Employment Security Fund	55,818	216,000	216,000
DIVISIONAL TOTAL	\$ 63,794,422	\$ 100,838,097	\$ 100,738,413
PERSONAL SERVICE			
General Revenue Fund	126,000	153,046	153,046
Federal Funds	15,695,493	19,355,460	19,355,460
EXPENSE AND EQUIPMENT			
General Revenue Fund	62,400	93,180	65,996
Federal Funds	4,001,762	5,465,845	5,445,845
Special Employment Security Fund	55,818	216,000	216,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	80,025	72,500	0
Federal Funds	43,772,924	75,482,066	75,502,066
TOTAL	\$ 63,794,422	\$ 100,838,097	\$ 100,738,413
General Revenue Fund	268,425	318,726	219,042
Federal Funds	63,470,179	100,303,371	100,303,371
Special Employment Security Fund	55,818	216,000	216,000
Full-time equivalent employees	469.12	609.22	609.22

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **WORKFORCE DEVELOPMENT**

The Division of Workforce Development was created in Fiscal Year 2000 to provide more accessible services in a more efficient manner. This new division combines the operations of the former Division of Job Development and Training in the Department of Economic Development and the Job Service Program, Special Employment Security Fund, Employment and Training Payments, Retraining Payments, and Caring Communities from the Department of Labor and Industrial Relations. The Division of Workforce Development provides a well-balanced employment and training system, giving Missourians the opportunity to achieve their full career and employment potential through high quality programs. Missouri employers also benefit from a more competitive and better-trained workforce. The Job Service Program offers a network of services delivered in a customer-focused environment to help people find and retain employment. Services include provision of labor market information, career counseling, testing, and job readiness training. Job Service also assists employers in meeting their employment needs by referring qualified workers for job openings and providing information to help plan for future workforce needs.

### **WORKFORCE DEVELOPMENT ADMINISTRATION**

Workforce Investment Act funds, along with federal Job Service Program funds, are administered by the Division of Workforce Development. These funds are targeted toward the economically disadvantaged, Temporary Assistance for Needy Families recipients, school dropouts, and dislocated workers.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$166,667 federal funds reallocated from Caring Communities.
- (\$16,304) core reduction from the Fiscal Year 2002 appropriation level.

### **WORKFORCE PROGRAMS**

The mission of the federal Workforce Investment Act Program is to serve Missourians by: providing training and employment opportunities; establishing a flexible, coordinated, and decentralized training system; and coordinating these programs with other employment and training-related programs. The employment and training programs offered on a statewide basis include: Workforce Investment Act programs, Trade Adjustment Assistance Program, North American Free Trade Agreement programs, Rapid Response Program, Worker Reentry Program, Worker Profiling, Veterans programs, Mandatory Employment and Training Program, Experienced Worker programs, and the Missouri Youth Service Conservation Corps. Individuals who meet eligibility requirements for the programs may access services to make them more competitive in the workforce. Historically, the Division of Workforce Development, along with local service delivery areas, have provided a full range of services authorized under the Workforce Investment Act which are designed to prepare individuals with barriers to employment for the workforce. Services include referral to job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation. The Missouri Training and Employment Council provides direction to the Division of Workforce Development on policies and procedures to ensure that local service delivery area programs comply with Workforce Investment Act financial and program requirements.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **WOMEN'S COUNCIL**

Through its meetings, staff support, and other activities, the Missouri Women's Council addresses the issues of expanding women's opportunities through education and training programs; occupational mobility in lower and middle employment levels; access to jobs with higher skill and managerial duties; small business opportunities; access to non-traditional skills through apprenticeships and vocational training; retraining programs and facilities for unemployed women, especially in growth sectors; federal or private funds and grants available for such employment and training programs; and studies, seminars, and conferences on related topics. The council also prepares an annual state needs assessment to identify problem geographic areas; establishes long- and short-term goal statements; inventories current federal, state, local, and private programs relating to women's economic needs; and prepares plans to address those problem areas.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$10,880) core reduction from the Fiscal Year 2002 appropriation level.



## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **WORKFORCE DEVELOPMENT (continued)**

#### **CARING COMMUNITIES PROGRAM**

Caring Communities is an effort designed to deliver a wide array of human services in a locally-designed manner. Services such as employment, counseling, adult education, child care, health screenings, mental health, and other family and child-oriented services are delivered in a school-based or school-linked setting in an effort to make services more responsive to family needs. The program is being consolidated into the Department of Social Services in Fiscal Year 2003.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$166,667) federal funds reallocated to workforce development administration.
- (\$72,500) core reduction from the Fiscal Year 2002 appropriation level.

#### **SPECIAL EMPLOYMENT SECURITY FUND**

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also act as a revolving fund to cover allowable expenditures for which federal reimbursement is pending to acquire suitable office space for the division by purchase, lease, contract, or any other manner including purchase of land, erection of buildings, or assistance in financing the construction of any buildings for the division's use. Section 288.129, RSMo provides for federal interest payments on federal fund advances to the unemployment insurance trust fund.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **DIVISION OF TOURISM**

The Division of Tourism promotes Missouri's tourist attractions with direct media campaigns, vacation guides, and public relations efforts. The Division of Tourism also operates six tourism information centers at key entry points throughout the state and a seventh located in the Truman State Office Building in Jefferson City. Beginning in Fiscal Year 1995, the division has been funded with a portion of the growth in tax revenues on tourism-oriented goods and services.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$5,265,085) core reduction from the Fiscal Year 2002 appropriation level.

### **AFFORDABLE HOUSING**

The Missouri Housing Development Commission (MHDC) was established in 1969 by the 75th General Assembly to assist in the creation of housing for low- and moderate-income people of Missouri. Section 215.020, RSMo, states: "There is hereby created and established as a governmental instrumentality of the State of Missouri the 'Missouri Housing Development Commission' which shall constitute a body corporate and public."

MHDC generates multi-family rental production through a variety of funding sources including its own fund balances, the state's allocation of federal HOME funds, its authority to issue tax-exempt and taxable bonds, and state and federal housing tax credits. MHDC also offers single-family programs for qualified first-time homebuyers such as its Mortgage Revenue Bond Program which provides funds for mortgage loans at competitive interest rates and a Downpayment Assistance Program to assist in the purchase of a home. MHDC's affordable housing programs include Section 8 certificates and vouchers, HOME tenant-based assistance, MHDC's Rental Assistance Program, as well as several other rental assistance programs in partnership with the Department of Mental Health.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **AFFORDABLE HOUSING (continued)**

The Manufactured Housing Department is housed within the Public Service Commission per Sections 700.010-700.115, RSMo. It annually registers manufacturers and dealers of manufactured homes and modular units; prescribes and enforces uniform construction standards for manufactured homes, modular units, and recreational vehicles manufactured and/or sold within the state; approves plans for modular units and recreational vehicles sold in the state; and enforces manufactured home tie-down requirements. There are 379 manufactured housing dealers and 13 modular unit dealers operating in Missouri.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **FINANCIAL INSTITUTION SAFETY AND SOUNDNESS**

Division of Credit Unions - The Division of Credit Unions is statutorily responsible for the examination, supervision, and regulation of all state-chartered credit unions to determine the financial condition and management practices of each credit union and to correct unsound practices or violations of law or regulation.

Division of Finance - The Division of Finance has regulatory oversight authority of activities involving state-chartered banks and trust companies. The division also is responsible for licensing and regulating small loan offices, motor vehicle offices, financial institution offices, companies engaged exclusively in second mortgage lending, premium finance companies, and companies selling money orders. Beginning in Fiscal Year 1995, the division took over the responsibilities of the former Division of Savings and Loan. The division now has regulatory oversight authority over savings and loan associations and registers mortgage loan brokers.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$22,389 other funds for increased costs of the Credit Union Commission
- (\$70,472) other funds and (one) staff core reduction from the Fiscal Year 2002 appropriation level.

### **MOTOR CARRIER AND RAILROAD SAFETY**

The Division of Motor Carrier and Railroad Safety includes seven sections: office of the director; administrative law judges; enforcement; railroad safety; registration, audits, and research; general counsel's office; and support services. Primary duties include issuance of property carrier registrations, certificates, and permits of operating authority to transportation companies; enforcement of statutory insurance and safety requirements; and monitoring railroad safety. Two administrative law judges serving staggered, six-year terms individually exercise quasi-judicial authority in transportation cases. Due to the Federal Aviation Administration Authorization Act of 1994, beginning January 1, 1995, the division regulates the prices, routes, or services of motor carriers of household goods and passengers. The division's name changed from the Division of Transportation to the Division of Motor Carrier and Railroad Safety with the passage of HB 991 (1996) and SB 780 (1996).

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$134,649) other funds and (three) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$23,637) other funds for one-time expenditures.

## DEPARTMENT OF ECONOMIC DEVELOPMENT

### UTILITY REGULATION

Office of Public Counsel - The Office of the Public Counsel is involved in the legal, accounting, financial, and economic aspects of utility ratemaking and regulation. Lawyers and technical staff analyze utility rate increase requests to advocate consumer rights in testimony and cross-examination in hearings held before the Public Service Commission.

Public Service Commission - The Public Service Commission regulates the rates, finances, safety, and quality of service of private, investor-owned telephone, gas, electric, water and sewer utilities, and the safety of rural electric cooperatives and municipally-owned gas systems. The commission is divided into four sections: executive, administration, general counsel, and utility.

The executive section is responsible for certain legal and administrative activities supporting the commission's statutory responsibilities, including hearing cases and issuing reports and orders. In addition, policy planning and analysis functions are conducted by the executive section to promote more active participation in federal proceedings and to provide technical assistance to the commission.

The administration division is responsible for internal operational functions related to purchasing, monitoring expenditures, preparing annual assessments of regulated utility companies, personnel and staff services, and manufactured housing. The administration division also files all commission administrative rules with the Secretary of State, reports official hearings, files and distributes all commission orders, and inspects dealer lots and manufacturing facilities of mobile homes to ensure compliance with federal standards and state law.

The general counsel assists the commission through preparation and presentation of expert staff testimony and exhibits, cross-examination in administrative hearings held before the commission, and representation of the commission in court cases involving appeals. The general counsel represents the commission in all proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, and the Nuclear Regulatory Commission. The general counsel also drafts rules and procedures of the commission and commission-sponsored legislation.

The utility section consists of two divisions: utility services and utility operations. The utility services section advises and testifies before the commission on rate cases, performs field compliance audits, performs financial analysis, and is responsible for accounting and handling consumer complaints. The utility operations section provides analyses on utility construction, operation, safety, capacity expansion, tariff review, and rate design for electric, gas, water and sewer, and telecommunications utilities.

### Fiscal Year 2003 Governor's Recommendations

- \$930,135 other funds and 16 staff to provide core funding for the Office of Public Counsel.
- Two staff for diversity initiative.
- (\$930,135) and (16) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$50,700) other funds for one-time expenditures.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
PROFESSIONAL REGISTRATION**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 4,203,013	\$ 4,709,136	\$ 5,465,368
State Board of Accountancy	334,200	426,684	426,684
State Board of Architects, Engineers, and Land Surveyors	652,839	783,977	825,087
State Board of Barber Examiners	34,037	38,271	38,271
State Board of Chiropractic Examiners	99,056	151,052	151,052
State Board of Cosmetology	175,404	307,893	259,418
Missouri Dental Board	472,084	580,570	587,452
State Board of Embalmers and Funeral Directors	97,846	149,634	149,634
State Board of Registration for the Healing Arts	2,046,797	2,461,516	2,461,516
State Board of Nursing	1,482,348	1,812,988	1,812,988
State Board of Optometry	24,617	42,604	42,604
State Board of Pharmacy	806,849	739,674	814,467
State Board of Podiatric Medicine	8,357	21,681	21,681
Missouri Real Estate Commission	866,085	1,111,418	1,111,418
Missouri Veterinary Medical Board	59,958	111,096	111,096
DIVISIONAL TOTAL	\$ 11,363,490	\$ 13,448,194	\$ 14,278,736
PERSONAL SERVICE			
Board Funds	3,974,921	4,522,797	4,705,475
Professional Registration Fees Fund	2,602,056	2,837,932	2,885,143
EXPENSE AND EQUIPMENT			
Board Funds	3,185,556	4,214,161	4,107,893
Professional Registration Fees Fund	1,523,314	1,836,204	2,545,225
PROGRAM SPECIFIC DISTRIBUTION			
Board Funds	0	2,100	0
Professional Registration Fees Fund	77,643	35,000	35,000
TOTAL	\$ 11,363,490	\$ 13,448,194	\$ 14,278,736
Board Funds	7,160,477	8,739,058	8,813,368
Professional Registration Fees Fund	4,203,013	4,709,136	5,465,368
Full-time equivalent employees	211.06	222.60	229.60

The Division of Professional Registration provides support services to 32 licensing agencies through various boards, commissions, committees, offices, and councils. Each conducts professional examinations, licenses qualified individuals, promotes legislation, publishes rules and regulations, and investigates complaints of misconduct of licensed members.

**Fiscal Year 2003 Governor's Recommendations**

**ADMINISTRATION**

- \$675,000 other funds for an on-line registration renewal system.
- \$74,376 other funds and 1.50 staff to implement HB 567 (2001) related to licensure of social workers.
- \$10,000 other funds for per diem reimbursement for board members not now receiving compensation.
- (\$3,144) other funds transferred to the Board of Architects, Professional Engineers, and Land Surveyors.

**STATE BOARD OF ACCOUNTANCY**

Continue funding at the current level.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **PROFESSIONAL REGISTRATION (continued)**

#### **STATE BOARD OF ARCHITECTS, PROFESSIONAL ENGINEERS, AND LAND SURVEYORS**

- \$37,966 other funds and one staff to establish the landscape architectural division per HB 567 (2001).
- \$3,144 other funds transferred from administration per HB 567 (2001).

#### **STATE BOARD OF BARBER EXAMINERS**

Continue funding at the current level.

#### **STATE BOARD OF CHIROPRACTIC EXAMINERS**

Continue funding at the current level.

#### **STATE BOARD OF COSMETOLOGY**

- (\$48,475) other funds core reduction from the Fiscal Year 2002 appropriation level.

#### **MISSOURI DENTAL BOARD**

- \$20,382 other funds and .50 staff to establish licensure of dental hygienists per HB 567 (2001).
- (\$13,500) other funds for one-time expenditures.

#### **STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS**

Continue funding at the current level.

#### **STATE BOARD OF REGISTRATION FOR THE HEALING ARTS**

Continue funding at the current level.

#### **STATE BOARD OF NURSING**

- Three staff for investigations.

#### **STATE BOARD OF OPTOMETRY**

Continue funding at the current level.

#### **STATE BOARD OF PHARMACY**

- \$74,793 other funds and one staff to increase pharmacy inspections.

#### **STATE BOARD OF PODIATRIC MEDICINE**

Continue funding at the current level.

## **DEPARTMENT OF ECONOMIC DEVELOPMENT**

### **PROFESSIONAL REGISTRATION (continued)**

#### **MISSOURI REAL ESTATE COMMISSION**

Continue funding at the current level.

#### **MISSOURI VETERINARY MEDICAL BOARD**

Continue funding at the current level.

### **ADMINISTRATIVE SERVICES**

Administrative Services coordinates the common activities of encouraging economic development. It also protects and promotes the interests of Missouri citizens, provides support services to the agencies, and monitors fund accountability and program activities.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$39,456 and one staff transferred from Business Expansion and Attraction.
- (\$715,272) and (ten) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$11,419) federal funds transferred to Community Development.

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# DEPARTMENT OF INSURANCE

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 5,988,490	\$ 6,767,195	\$ 7,354,926	\$ 7,189,163
Market Conduct and Financial Examinations	6,042,221	6,628,651	6,679,516	6,679,516
Refunds	39,734	25,001	25,001	25,001
Health Insurance Counseling	357,316	400,000	450,000	450,000
DEPARTMENTAL TOTAL	\$ 12,427,761	\$ 13,820,847	\$ 14,509,443	\$ 14,343,680
Federal Funds	357,316	400,000	450,000	450,000
Insurance Examiners Fund	6,042,221	6,628,652	6,679,517	6,679,517
Department of Insurance Dedicated Fund	6,028,224	6,792,195	7,379,926	7,214,163
Full-time equivalent employees	200.70	226.50	230.00	230.00

## POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2003 includes a total of \$14.3 million for the Department of Insurance to protect Missouri consumers and provide oversight of the insurance industry. By promoting a competitive marketplace, the department helps to ensure affordable insurance is available to Missourians. The department's outreach and education program is designed to assist consumers in making informed purchasing decisions. In-depth analysis of market trends, complaint information, and financial statements help target the department's examination of insurance companies to ensure the maximum effectiveness of state resources.

### PROTECTING MISSOURIANS

SB 894 (2000) significantly revised Missouri's Title Insurance Act. These revisions will help ensure that title insurance policies are written using sound accounting and actuarial practices. The act requires insurers to provide information to consumers about what is, and is not, covered by the policy. In addition, the act establishes mandatory continuing education requirements for all licensed agents, helping to ensure they are knowledgeable about title insurance. The Department of Insurance must approve premiums, helping to ensure rates are fair. The Governor recommends \$299,244 to implement SB 894.

SB 193 (2001) simplified insurance laws by requiring only one insurance producer license for both insurance agents and brokers, providing full reciprocal licensure of insurance producers from other states, and providing uniformity in licensure requirements with other states. The Governor recommends \$165,000 to modify the department's information systems to implement SB 193.

The Community Leaders Assisting the Insured of Missouri (CLAIM) program offers insurance counseling services through trained volunteers to Missouri seniors. The volunteers help the seniors resolve insurance claims disputes and receive a refund of premiums for duplicate Medicare supplement insurance coverage. The Governor recommends \$50,000 to expand the CLAIM program to 500 more seniors.

Some performance measures the Department of Insurance uses to evaluate the availability and affordability of insurance for Missouri consumers follow:

	1998	1999	2000
Percentage of Missourians (non-elderly) with health insurance	87.9%	90.4%	87.8%
Amount recovered for consumers over disputed claims (millions)	\$6.6	\$8.8	\$7.4
CLAIM program recoveries for Missouri seniors	\$363,433	\$330,202	\$1,000,000
Missouri versus nationwide premiums paid to claims paid for:			
workers compensation insurance *	-8.2%	-1.5%	+5.2%
all property and casualty lines *	-2.7%	-2.2%	-2.0%
all accident and health lines *	+1.5%	+0.8%	+0.03%

\*Negative number indicates Missouri has a better rate than the national average.

## DEPARTMENT OF INSURANCE

### Fiscal Year 2003 Governor's Recommendations

- \$299,244 other funds and 3.5 staff to implement the Title Insurance Act, SB 894 (2000).
- \$165,000 other funds to implement SB 193 (2001), which revised licensure requirements for insurance producers.
- \$50,000 federal funds to expand the CLAIM program to about 500 more seniors.
- \$37,896 other funds to reclassify positions for consistency with other state agencies.
- (\$29,307) other funds for one-time expenditures.

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# DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Department Administration	\$ 16,929,861	\$ 20,895,806	\$ 21,432,499	\$ 20,859,467
Industrial Commission	796,449	896,370	905,891	896,370
Division of Labor Standards	2,220,567	3,311,429	3,410,904	3,351,635
Governor's Council on Disability	1,551,033	4,646,131	4,146,886	3,940,778
State Board of Mediation	136,609	161,022	163,683	161,022
Commission on Human Rights	1,911,341	2,374,116	2,347,311	2,140,116
Division of Workers' Compensation	46,595,505	44,788,038	51,856,780	51,707,673
Division of Employment Security	33,819,997	46,801,553	47,501,901	46,801,553
DEPARTMENTAL TOTAL	\$ 103,961,362	\$ 123,874,465 *	\$ 131,765,855	\$ 129,858,614
General Revenue Fund	4,927,603	4,958,418	5,018,835	4,384,966
Federal Funds	45,661,804	67,875,663	68,453,712	67,397,547
Deaf Relay Service and Equipment				
Distribution Program Fund	1,692,447	2,655,014	2,662,586	2,655,014
Tort Victims' Compensation Fund	0	0	46,267	46,267
Workers' Compensation Fund	11,875,587	13,587,615	13,764,198	13,563,000
Second Injury Fund	32,763,509	28,000,000	35,000,000	35,000,000
Crime Victims' Compensation Fund	5,125,746	5,097,186	5,119,688	5,111,251
Child Labor Enforcement Fund	74,196	200,000	200,000	200,000
Special Employment Security Fund	1,840,470	1,500,569	1,500,569	1,500,569
Full-time equivalent employees	1,036.32	1,315.27	1,318.27	1,310.27

\* Does not include \$500,000 other funds recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Labor and Industrial Relations supplemental appropriations.

## POLICY SUMMARY

The Department of Labor and Industrial Relations provides employees with safe and healthy workplaces to ensure economic security for all Missourians. The department fulfills its mission by promoting equal access to jobs, enforcing anti-discrimination laws, and awarding payment of compensation to those unemployed, injured at work, and victims of crime.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

**Improving Workplace Safety:** The Department of Labor and Industrial Relations' safety and health programs benefit Missouri's small business employers and mine operators. By removing or controlling identified safety and health hazards in the workplace, employers can expect savings resulting from fewer lost workdays, improved productivity, increased worker morale, lower workers' compensation and medical costs, and lower Occupational Safety and Health Administration (OSHA) fines and litigation. The cost savings that result from controlling safety and health hazards reduce workers' compensation premium costs and improves employee productivity, product quality, and job satisfaction. To continue to promote safe and healthy workplaces, Governor Holden recommends:

- \$60,186 for one child labor safety coordinator to promote safety for Missouri's working children.
- No core reductions to the Division of Labor Standards to further guarantee that Missouri employers and employees reap the benefits of high labor standards.

## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

### POLICY SUMMARY (Continued)

**Improving Financial Security of Missourians:** The Department of Labor and Industrial Relations, through the Division of Workers' Compensation, works to ensure that eligible injured employees receive benefits quickly, non-compliant employers are held accountable, and fewer injured workers are in need of public income support if they are unable to work.

Legislation passed last year (HB 107) will provide uncompensated tort victims with up to \$300,000 of unpaid court-ordered settlements, further assuring financial security for Missourians. Governor Holden recommends:

- \$46,427 to begin operation of the Tort Victims' Compensation Program.

Some performance measures the Department of Labor and Industrial Relations uses to monitor its success in making workplaces safe for Missouri's employers and employees follow:

	1999	2000	2001
Number of job-related accidents, illnesses, and fatalities	173,079	163,540	165,698
Amount of unemployment benefits returned to the economy (millions)	\$292.3	\$318.7	\$414.1
Amount of fines avoided by Missouri businesses (millions)	\$2.9	\$2.4*	\$3.1

*\*In 2000 OSHA/MSHA (Mine Safety Health Administration) decreased the average dollar fine per hazard*

## **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

### **DEPARTMENT ADMINISTRATION**

The Director's Office provides leadership and supervision in the areas of policy, operation, and interagency coordination/cooperation. Functions centralized within the Director's Office include: administrative services, data processing, facilities and maintenance, financial management, human resources, legislative and public relations, research and analysis, telecommunications, legal, and fraud detection and investigation.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$153,164 federal and other funds transferred from the Office of Administration for fringe benefits.
- \$75,927 other funds for costs related to a change in staff levels.
- (\$186,989) core reduction from the Fiscal Year 2002 appropriation level.
- (\$75,927) for costs related to a change in staff levels, including (\$25,773) general revenue.
- (\$2,514) other funds for one-time expenditures.
- (Three) staff core reduction from the Fiscal Year 2002 appropriation level.

### **INDUSTRIAL COMMISSION**

The three-member Labor and Industrial Commission reviews all appeals from all decisions and awards in workers' compensation, unemployment compensation, prevailing wage cases, and victims of crime compensation cases at the highest administrative level. The commission conducts hearings and renders written opinions pursuant to the provisions of the Missouri Administrative Procedure Act. The commission's opinions are subject to review by the judiciary.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$5,937 federal and other funds to realign the core budget.
- (\$5,937) core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF LABOR STANDARDS**

State statutes require the Division of Labor Standards to assure the safety and health of Missouri workers. To reduce deaths and disabling injuries, staff conducts regular and special on-site inspections of businesses, industries, and commercial mines and caves. To ensure compliance with statutory provisions governing wage rates for public works projects, the division periodically surveys prevailing wage rates for laborers, mechanics, and other workers employed in the construction industry. The division conducts on-site inspections to assure compliance with Missouri's Child Labor Law. Also, the division provides training seminars for mine operators and miners. All miners, whether surface or underground, are required by federal law to complete a minimum number of hours in training before beginning work. The division provides on-site safety and health surveys to business and industrial facilities by qualified professional consultants to identify hazards and recommend means for eliminating them. Private employers are not charged for this service. The division performs these surveys upon employer requests.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$60,186 federal funds and one staff for a child labor safety coordinator.
- (\$19,980) federal funds for one-time expenditures.

## **DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

### **GOVERNOR'S COUNCIL ON DISABILITY**

The Governor's Council on Disability encourages statewide interest in the rehabilitation and employment of people with disabilities. The council works in cooperation with the President's Committee on Employment of People with Disabilities and with local committees and chapters to promote job opportunities for disabled persons.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$685,753) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level, including (\$185,753) general revenue.
- (\$19,600) federal funds for one-time expenditures.

### **STATE BOARD OF MEDIATION**

State law authorizes the Board of Mediation to mediate public utility labor disputes so that employers and union employees can settle disputes peacefully without strikes or lockouts. If direct mediation fails to settle a dispute, the board may appoint a public hearing panel to hear the dispute again and prepare a report and recommendations to the parties and the Governor for settlement. The board also has statutory authority to provide a forum where representatives from management and labor in the public sector may meet and where bargaining disputes may be heard impartially and equitably. In addition, public employees are permitted the right to vote for or against unionization through elections. The board is responsible for conducting and certifying the results of each election and for determining the majority representative status of public sector bargaining units.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **MISSOURI COMMISSION ON HUMAN RIGHTS**

The Missouri Commission on Human Rights works to ensure fair treatment for all Missourians regardless of their race, color, religion, national origin, ancestry, sex, disability, or age. The commission receives, investigates, and renders findings on complaints of discrimination in housing, employment, and public accommodations. The commission is also responsible for fostering good will among diverse groups through education and outreach.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$144,000) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$90,000) for one-time expenditures, including (\$25,000) general revenue.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
DIVISION OF WORKERS' COMPENSATION**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 8,087,669	\$ 10,073,571	\$ 9,993,206
Second Injury Benefits	32,763,509	28,000,000	35,000,000
Crime Victims' Administration	282,085	414,467	414,467
Crime Victims' Compensation Benefits	5,462,242	6,300,000	6,300,000
<b>DIVISIONAL TOTAL</b>	<b>\$ 46,595,505</b>	<b>\$ 44,788,038</b>	<b>\$ 51,707,673</b>
<b>PERSONAL SERVICE</b>			
Tort Victims' Compensation Fund	0	0	36,012
Workers' Compensation Fund	6,856,521	8,181,202	8,217,602
Crime Victims' Compensation Fund	212,394	284,509	284,509
<b>EXPENSE AND EQUIPMENT</b>			
Federal Funds	0	50,000	50,000
Tort Victims' Compensation Fund	0	0	10,255
Workers' Compensation Fund	1,043,749	1,674,284	1,511,252
Second Injury Fund	445,047	523,500	380,341
Crime Victims' Compensation Fund	69,791	101,558	101,558
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	106,661	115,747	115,747
Federal Funds	738,892	1,730,549	1,730,549
Workers' Compensation Fund	50,000	50,000	50,000
Second Injury Fund	32,318,462	27,476,500	34,619,659
Crime Victims' Compensation Fund	4,753,988	4,600,189	4,600,189
<b>TOTAL</b>	<b>\$ 46,595,505</b>	<b>\$ 44,788,038</b>	<b>\$ 51,707,673</b>
General Revenue Fund	106,661	115,747	115,747
Federal Funds	738,892	1,780,549	1,780,549
Tort Victims' Compensation Fund	0	0	46,267
Workers' Compensation Fund	7,950,270	9,905,486	9,778,854
Second Injury Fund	32,763,509	28,000,000	35,000,000
Crime Victims' Compensation Fund	5,036,173	4,986,256	4,986,256
<b>Full-time equivalent employees</b>	<b>147.51</b>	<b>187.75</b>	<b>189.75</b>

**ADMINISTRATION**

The Division of Workers' Compensation processes all reports of job-related injuries and formal complaints filed under the Workers' Compensation Act. The division adjudicates disputed claims, supervises rehabilitation of seriously injured workers, helps develop safety programs, and investigates and approves applications by employers for self-insurance. The Missouri Worker Safety Program was merged with the Workers' Compensation Administration in Fiscal Year 1995.

**Fiscal Year 2003 Governor's Recommendations**

- \$217,292 other funds to replace equipment, software for court reporters, and increased operating costs.
- \$96,474 other funds and one staff for an additional administrative law judge per House Bill 1237 (1998).
- \$46,267 other funds and one staff to administer the Tort Victims' Compensation Program per HB 107 (2001).
- (\$440,398) other funds for one-time expenditures.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
DIVISION OF WORKERS' COMPENSATION**

**SECOND INJURY BENEFITS**

The second injury fund, as established in Section 287.220, RSMo, provides workers' compensation benefits for injured employees who have pre-existing permanent partial disabilities. The fund may also be used to cover expenses of an employee who was injured while working for an uninsured employer, or to compensate workers for lost wages from one job when they are injured while working at a second job.

**Fiscal Year 2003 Governor's Recommendations**

- \$7,000,000 other funds for increased claim payments.

**CRIME VICTIMS' ADMINISTRATION**

The Crime Victims' Administration Unit was established to investigate all claims by victims of crime which are filed with the division in order to determine eligibility under the statute and the amount of losses incurred. The unit fulfills these responsibilities by processing and investigating claims and awarding or denying compensation.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**CRIME VICTIMS' COMPENSATION BENEFITS**

The crime victims' compensation fund, established in Section 595.045, RSMo, provides compensation to individuals who suffer financial loss as the result of a crime. Revenues are provided to the fund from fees assessed by the courts on individuals found guilty of violations of law.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
DIVISION OF EMPLOYMENT SECURITY**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administration	\$ 24,885,800	\$ 36,420,984	\$ 36,420,984
Special Employment Security Fund	1,840,470	1,380,569	1,380,569
Employment and Training Payments	7,093,727	9,000,000	9,000,000
<b>DIVISIONAL TOTAL</b>	<b>\$ 33,819,997</b>	<b>\$ 46,801,553</b>	<b>\$ 46,801,553</b>
<b>PERSONAL SERVICE</b>			
Federal Funds	20,509,355	27,797,496	27,797,496
Special Employment Security Fund	0	100,569	100,569
<b>EXPENSE AND EQUIPMENT</b>			
Federal Funds	4,376,408	8,623,488	8,623,488
Special Employment Security Fund	1,840,470	1,280,000	1,280,000
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
Federal Funds	7,093,764	9,000,000	9,000,000
<b>TOTAL</b>	<b>\$ 33,819,997</b>	<b>\$ 46,801,553</b>	<b>\$ 46,801,553</b>
Federal Funds	31,979,527	45,420,984	45,420,984
Special Employment Security Fund	1,840,470	1,380,569	1,380,569
<b>Full-time equivalent employees</b>	<b>594.51</b>	<b>795.28</b>	<b>795.28</b>

**ADMINISTRATION**

The Division of Employment Security is responsible for determining employer liability, collecting unemployment compensation taxes from Missouri liable employers, paying unemployment benefits to eligible claimants, maintaining wage records of Missouri workers, and investigating cases involving possible fraud and benefit overpayments.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**SPECIAL EMPLOYMENT SECURITY FUND**

The special employment security fund is derived from interest and penalties collected under the provisions of the Missouri Employment Security Law. Expenditures from this fund are made in accordance with Section 288.310, RSMo, the Employment Security Law, which includes refunds of overcollected interest and penalties. The fund may also be used to acquire suitable office space for the division. Section 288.129, RSMo, provides for federal interest payments on federal fund advances to the unemployment trust fund.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

**EMPLOYMENT AND TRAINING PAYMENTS**

The Division of Employment Security operates employment and training programs authorized and funded by the U. S. Department of Labor as authorized by the North American Free Trade Agreement (NAFTA) and the Trade Adjustment Assistance (TAA) programs. The division contracts with the Division of Workforce Development and others to provide a full range of services. Services include referral to employer job openings, job readiness skills training, referral to classroom or employer training, as well as payment of support services such as transportation, subsistence, and relocation allowances.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

# DEPARTMENT OF PUBLIC SAFETY

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 27,767,432	\$ 45,123,574	\$ 45,854,940	\$ 46,641,630
Capitol Police	1,385,634	1,497,310	2,588,561	2,380,293
State Highway Patrol	145,497,172	162,882,720	200,573,036	177,849,859
State Water Patrol	6,120,450	6,607,330	8,341,024	6,684,028
Division of Liquor Control	3,589,257	4,132,696	4,728,147	4,554,747
Division of Fire Safety	2,747,341	3,789,286	3,686,092	3,027,111
Division of Highway Safety	6,493,849	9,088,406	22,192,383	22,168,406
Missouri Veterans' Commission	36,160,064	47,830,270	51,578,914	48,606,420
Missouri Gaming Commission	17,417,702	20,776,575	21,620,182	21,339,822
Adjutant General	38,155,355	37,978,942	37,492,792	35,383,672
DEPARTMENTAL TOTAL	\$ 285,334,256	\$ 339,707,109	\$ 398,656,071 *	\$ 368,635,988
General Revenue Fund	48,871,907	50,879,612	63,978,373	50,535,258
Federal Funds	57,710,500	85,140,636	107,371,671	106,239,188
Gaming Commission Fund	18,148,779	21,556,989	22,407,302	22,126,942
Missouri Veterans' Homes Fund	26,799,925	34,761,626	37,277,795	35,381,008
State Highways and Transportation				
Department Fund	114,151,618	115,685,220	133,594,481	119,859,176
Other Funds	19,651,527	31,683,026	34,026,449	34,494,416
Full-time equivalent employees	4,017.45	4,576.05	4,760.20	4,633.26

\* Does not include \$13,138,161 recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Public Safety supplemental appropriations.

## POLICY SUMMARY

The Department of Public Safety is charged with protecting the people of Missouri from crime and other dangers. To fulfill this vital mission, the department performs critical duties including crime prevention, law enforcement, and disaster mitigation and response. The department operates on land, water, and by air on an around-the-clock basis. Governor Holden's Fiscal Year 2003 budget targets new funding to enhance the ability of the department to fulfill its mission effectively and efficiently.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

**HOMELAND SECURITY:** Tragic events in recent months have heightened public and private concerns across the nation for the security of both lives and livelihoods. The Department of Public Safety is part of a statewide effort to enhance the security of the state's most precious assets. To that end, department efforts in this and the coming fiscal year will focus on threat assessment, asset protection, and emergency response preparedness. Specifically, the Fiscal Year 2003 budget of the Department of Public Safety includes an additional \$3,747,126 for the following homeland security initiatives:

- \$2,500,000 to address homeland security recommendations made by the Governor's Missouri Security Panel.
- \$909,894 to improve security and Capitol Police communications at the Capitol Building, Truman State Office Building, and the State Health Laboratory.
- \$187,231 to support implementation and operation of the Missouri Statewide Police Intelligence Network (MOSPIN), a secure, computerized system that will permit authorized local, state, and federal law enforcement authorities to share crime intelligence reports.
- \$150,000 for Missouri Task Force One, one of 28 teams that form the federal National Urban Search and Rescue Response System, and one of eight called to duty following the September 11 terrorist attacks.
- \$1 federal funds on an open-ended basis for homeland security measures should such funding become available.



## DEPARTMENT OF PUBLIC SAFETY

### POLICY SUMMARY (Continued)

**CRIME FIGHTING EFFORTS:** While the state has made major strides in reducing crime, it remains a problem. Governor Holden is committed to making sure the state meets its fundamental obligation to protect citizens from criminals. The Governor recommends the following Fiscal Year 2003 budget initiatives to equip law enforcement agencies and assist crime victims.

- \$8,920,934 for mobile computing devices and to improve the availability of criminal history information to state and local criminal justice agencies.
- \$2,589,450 for encryption of law enforcement criminal history and intelligence communications.
- \$1,047,047 to develop an incident-based state crime reporting system.
- \$959,260 to improve the reporting of judicial protective orders to state and local law enforcement agencies.
- \$477,993 to implement a tobacco law enforcement program focused on curbing underage smoking.
- \$416,466 to enhance the criminal history reporting system.
- \$413,481 for the Office of Victims of Crime to assist crime victims, advocates, and local communities to provide fair and just treatment for crime victims.
- \$380,892 for uniform crime reporting.
- \$199,579 to upgrade and maintain the Automated Fingerprint Identification System.
- \$129,497 to conduct warrant checks on prisoners prior to release as required by Jake's law.
- \$75,000 for Local Law Enforcement Block Grants to assist local law enforcement agencies.

Some performance measures the Department of Public Safety uses to evaluate state and local efforts in the fight against crime follow.

	1998	1999	2000
Missouri rate of crimes against persons per 100,000 population	552	501	490
National rate of crimes against persons per 100,000 population	568	523	506
Missouri rate of crimes against property per 100,000 population	4,307	4,122	4,084
National rate of crimes against property per 100,000 population	4,053	3,744	3,618
Missouri rate of murders per 100,000 population	7.4	6.5	6.3
Missouri rate of aggravated assaults per 100,000 population	368	337	324

**CARING FOR MISSOURI VETERANS:** Missourians have served with distinction in the armed forces of our nation, placing their lives at risk in order to preserve our freedom. Governor Holden recognizes the special debt owed to these guardians of liberty. The Fiscal Year 2003 budget includes additional resources to expand services provided by the Missouri Veterans' Commission including:

- \$10,000,000 for renovation of the World War I Liberty Memorial in Kansas City. This funding is included in the Fiscal Year 2002 supplemental recommendations.
- \$2,000,000 for veterans' memorial renovation and construction grants.
- \$648,633 for increased pharmaceutical costs at veterans' homes.
- \$487,134 for resident care services at the new Mt. Vernon Veterans' Home and a new dementia wing of the St. Louis Veteran's Home.
- \$128,468 for two new veterans' cemeteries at Bloomfield and Jacksonville, and to expand the Springfield Veterans' Cemetery.

## DEPARTMENT OF PUBLIC SAFETY

### POLICY SUMMARY (Continued)

Some performance measures the Department of Public Safety uses to evaluate the degree to which veterans' home residents are satisfied with the quality of care provided follow.

	1999	2000	2001
<b>Resident-satisfaction survey</b>			
– St. James Home	85.4%	85.1%	86.4%
– Mexico Home	87.1%	83.8%	84.3%
– Mt. Vernon Home	95.6%	95.6%	95.1%
– St. Louis Home	79.6%	82.1%	88.2%
– Cameron Home	N/A	91.1%	88.0%
– Cape Girardeau Home	92.6%	94.3%	90.5%
– Warrensburg Home	N/A	N/A	90.4%

## **DEPARTMENT OF PUBLIC SAFETY**

### **OFFICE OF THE DIRECTOR/CRIMINAL JUSTICE PROGRAMS UNIT**

The Director's Office provides the central budgeting, finance, and personnel control to ensure efficient use of available resources. Staff members plan, review, and evaluate programs to coordinate the state's public safety and law enforcement efforts and to promote cooperation among local, state, and federal agencies. In addition, the criminal justice programs unit oversees the implementation of programs relating to juvenile justice, domestic violence, peace officers standards, witness protection, forensic laboratories, narcotics control, and crime victims assistance.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,500,000 to address homeland security recommendations made by the Governor's Missouri Security Panel.
- \$413,481 crime victims' compensation fund and five staff for the Office of Victims of Crime.
- \$289,849 peace officer standards and training commission fund and 8.60 staff to administer the POST Program.
- \$75,000 federal funds for Local Law Enforcement Block Grants.
- \$1 federal funds on an open-ended basis for homeland security measures.
- (\$1,494,275) and (9.60) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$266,000) federal funds core reduction for one-time expenditures.

### **CAPITOL POLICE**

The Capitol Police are responsible for security at the Capitol and other facilities occupied by state agencies throughout Jefferson City.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$891,653 and two staff to improve security at the State Capitol, the Truman State Office Building, and the State Health Laboratory.
- \$18,241 for police radio equipment.
- (\$26,911) and (three) staff in core reduction for one-time expenditures, including (\$6,728) and (.75) staff general revenue.

### **HIGHWAY PATROL**

#### **ADMINISTRATION**

This section includes the administrative, planning, fiscal, and support activities of the Highway Patrol.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue at the current funding level.

#### **FRINGE BENEFITS**

Employer retirement contributions, health insurance, and workers' compensation insurance for Highway Patrol employees are paid by the state in a separate appropriation made for those purposes. The amount of the retirement payment is determined by the Board of Trustees of the Highway Employees' and Highway Patrol Retirement System.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$4,815,047 for increased fringe benefit costs, including \$334,396 general revenue.
- \$333,745 criminal record system fund for new employee fringe benefits.

## **DEPARTMENT OF PUBLIC SAFETY**

### **HIGHWAY PATROL (Continued)**

#### **ENFORCEMENT**

The primary activity of this section is the patrolling of more than 122,000 miles of public highways and thoroughfares to ensure the safe and orderly flow of traffic. The Patrol also performs undercover investigations, analyzes evidence discovered at crime scenes, assists local law enforcement agencies, provides access to the Missouri Uniform Law Enforcement System, performs criminal background checks, and maintains a statewide system of commercial motor vehicle weigh stations.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$959,260 federal funds to improve the reporting of judicial protective orders to law enforcement agencies.
- \$416,466 criminal record system fund and 12 staff to enhance the criminal history reporting system.
- \$262,000 highway patrol vehicle revolving fund for aircraft maintenance.
- \$199,579 criminal record system fund to upgrade and maintain the Automated Fingerprint Identification System.
- \$187,231 federal and other funds and three staff to support the Missouri Statewide Police Intelligence Network.
- \$50,140 other funds for a vehicle price increase.
- (\$4,222,718) core reduction for one-time expenditures, including (\$649,575) general revenue.
- (\$343,532) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### **LAW ENFORCEMENT ACADEMY**

The academy provides basic training to police officers in all agencies outside St. Louis and Jackson counties. The academy also provides administrative and specialized training to police officers from all counties.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$562,661) and (eight) staff in core reduction from the Fiscal Year 2002 appropriations level.

#### **VEHICLE AND DRIVER SAFETY**

This section evaluates drivers and vehicles to identify and remove those unfit to be on Missouri roadways. Over 4,900 inspection stations and approximately 23,300 inspector mechanics throughout the state are supervised. The section also maintains over 140 driver examination stations throughout the state.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue at the current funding level.

#### **TECHNICAL SERVICES**

This section develops and processes comprehensive criminal offender data, traffic record data, and administrative data. The database is used to respond to inquiries and for analysis of the criminal justice and traffic systems to plan for effective law enforcement. This section also is responsible for management and operation of the statewide Missouri Uniform Law Enforcement System (MULES).

#### **Fiscal Year 2003 Governor's Recommendations**

- \$8,920,934 federal funds for mobile computing devices and to improve the availability of criminal history information.
- \$2,589,450 criminal record system fund for encryption of law enforcement criminal history and intelligence communications.
- \$1,047,047 federal funds to develop an incident-based state crime reporting system.
- \$380,892 criminal record system fund and eight staff for uniform crime reporting.
- \$129,497 criminal record system fund to conduct warrant checks on prisoners prior to release as required by Jake's law.
- (\$131,990) criminal record system fund core reduction for one-time expenditures.
- (\$63,248) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF PUBLIC SAFETY**

### **STATE WATER PATROL**

The primary task of the State Water Patrol is to ensure that Missouri citizens and tourists enjoy state waterways in safety through enforcement of water safety laws. This is accomplished by patrolling 626,081 acres of recreational waters in the state. Water Patrol officers provide boating safety education, boat inspection services, and enforce state and federal laws relating to water safety. Water Patrol officers present safety programs to students and civic organizations, inspect boats, and investigate dock and buoy placements to prevent water hazards.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$121,560 federal and other funds for operating expenses, including \$14,560 general revenue.
- \$3,740 and .17 staff for radio telecommunications.
- (\$3,740) federal and other funds and (.17) staff in core reduction for one-time expenditures, including (\$935) and (.04) staff in general revenue.
- (\$44,862) core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF LIQUOR CONTROL**

The Division of Liquor Control provides management control and support to the programs of audit and enforcement. The administrative staff review all license applications and reported violations; develop facts regarding reported violations in pre-hearing conferences and formal hearings before the supervisor; and, depending on the outcome of hearings, issue citations.

The audit and collection staff review beer, wine, and liquor transactions to ensure that all revenues due to the state are collected. The program also ensures fair competition among liquor wholesalers by monitoring actual prices charged for various classes and types of beverages against price schedules for such products.

The enforcement program ensures that liquor licenses are issued only to qualified applicants on approved premises. Liquor Control agents conduct inspections and investigate complaints received on violations of liquor laws. Reports are filed with local authorities and the supervisor of Liquor Control for review and appropriate action.

#### **Fiscal Year 2003 Governor's Recommendations**

- 11.08 staff to implement a tobacco enforcement program.
- \$477,993 healthy families trust fund-tobacco prevention account transferred from the Department of Health and Senior Services for tobacco enforcement efforts.
- (\$55,942) and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.

### **DIVISION OF FIRE SAFETY**

Division of Fire Safety staff conduct investigations to determine the causes of fires and explosions. Investigators assist in case development and, when necessary, work with local law enforcement authorities to prosecute persons accused of arson. Inspection activities concentrate on fire prevention evaluations. Inspectors evaluate nursing homes that are used for state mental health patients, patient care facilities operated by the Department of Mental Health, day care facilities licensed by the state, senior citizen nutrition and recreation centers, and other public facilities. The division also administers a Public Boiler and Pressure Vessel Safety Inspection Program, conducts fireworks industry inspections, and provides firefighter training throughout the state.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$90,437 elevator safety fund and two staff to administer the elevator safety program.
- (\$600,000) healthy families trust fund-health care treatment and access account core reduction for one-time expenditures.
- (\$252,612) and (three) staff core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF PUBLIC SAFETY**

### **DIVISION OF HIGHWAY SAFETY**

The division prepares a comprehensive state highway safety plan and funds state-local projects to implement the plan. The division also monitors the performance of funded projects. All division activities are designed to implement provisions of the federal National Highway Safety Act, which provides funds for planning, administration, and awarding of grants to support state and local highway safety projects.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$13,800,000 federal funds for highway safety grants.
- (\$720,000) federal funds transferred to the Department of Mental Health to combat underage drinking.

### **MISSOURI VETERANS' COMMISSION**

The commission has four components: administration, which oversees programs and maintains central files; the Missouri veterans' homes at St. James, Mexico, Mt. Vernon, Cape Girardeau, St. Louis, Cameron, and Warrensburg, which care for Missouri veterans; the Missouri veterans' cemeteries at Higginsville, Springfield, St. James, Jacksonville, and Bloomfield; and the Service to Veterans' Program, which assists veterans in applying for U.S. Veterans Administration pensions and other benefits.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,000,000 veterans' commission capital improvement trust fund for veterans' memorial grants.
- \$648,633 veterans' homes fund for pharmaceuticals and related services.
- \$254,068 veterans' homes fund and 7.49 staff for resident care services at the Mt. Vernon Veterans' Home.
- \$233,066 veterans' homes fund and 3.17 staff for resident care services at the St. Louis Veterans' Home.
- \$107,276 veterans' commission capital improvement trust fund and 3.98 staff for two new veterans' cemeteries.
- \$76,200 veterans' homes fund and one staff to promote awareness among Missouri veterans of available federal benefits.
- \$21,192 veterans' commission capital improvement trust fund and one staff for the Springfield veterans' cemetery.
- (\$2,536,385) other funds core reduction for one-time expenditures.
- (\$27,900) core reduction from the Fiscal Year 2002 appropriation level.

### **GAMING COMMISSION**

Senate Bill 10 (1993) established the Gaming Commission, which was granted regulatory authority over riverboat gambling and bingo. The five members of the Gaming Commission are appointed by the Governor with the advice and consent of the Senate.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$237,797 gaming commission fund for fringe benefit increases.
- \$127,012 gaming commission fund and two staff to enforce gaming regulations.
- \$111,644 gaming commission fund and two staff for the audit section.
- \$104,804 gaming commission fund and two information technology staff.
- \$64,606 gaming commission fund and one staff to ensure proper regulation of slot machines.
- \$29,302 gaming commission fund and one clerical staff for the problem gambling program.
- (\$111,918) gaming commission fund core reduction for one-time expenditures.

## **DEPARTMENT OF PUBLIC SAFETY**

### **ADJUTANT GENERAL**

#### **ADMINISTRATION**

This section provides administrative support for the Missouri National Guard, including the functions of command communication, logistical assistance, finance, and budgeting. The Adjutant General is the military chief of staff to the commander-in-chief (Governor). The Adjutant General is also the administrative head of the military forces, which include Army and Air National Guard elements assigned to the state by the federal government.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$168,736) and (2.43) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### **WORLD WAR II VETERANS' RECOGNITION PROGRAM**

The Missouri General Assembly authorized the World War II Veterans' Recognition Program to honor veterans of World War II and the Normandy "D-Day" invasion for their service to the state and nation.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$3,000,000) veterans' commission capital improvement trust fund core reduction for one-time expenditures.

#### **NATIONAL GUARD TRUST FUND PROGRAM**

HB 1519 (1998) established the Missouri National Guard Trust Fund and permitted income tax check-off contributions to be deposited in the fund. Grants, gifts, and bequests may also be deposited in the fund. In the absence of specific requirements attached to fund donations, the Office of the Adjutant General may, subject to appropriation, expend the funds for any lawful purpose in support of the Guard.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **TUITION ASSISTANCE**

In return for service to the state, the Missouri National Guard offers a variety of benefits for its members. The tuition assistance program provides reimbursement for higher education tuition and fees to Guard members who meet certain qualifications pursuant to law.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$500,000 national guard trust fund for educational assistance.
- (\$200,000) core reduction from the Fiscal Year 2002 appropriation level.

#### **MILITARY HONORS PROGRAM**

The Guard provides public recognition of the sacrifices made by veterans through the Military Honors Program, providing burial details with appropriate military honors for veterans upon request.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

#### **OPERATING MAINTENANCE AND REPAIR**

The Missouri National Guard operates 63 armories and 629 buildings located throughout the state. These facilities require preventive maintenance. The operating maintenance and repair program allows maintenance staff to purchase materials and supplies to perform preventive care.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue at the current funding level.

## **DEPARTMENT OF PUBLIC SAFETY**

### **ADJUTANT GENERAL (Continued)**

#### **FIELD SUPPORT**

The field support section supports the operational needs of Missouri National Guard facilities located throughout the state. This section includes maintenance and operation of 63 armories and 629 buildings in 66 Missouri communities.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$120,772) and (three) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$19,870) core reduction for one-time expenditures.

#### **CONTRACT SERVICES**

This section provides funding for contract agreements between the federal and state government related to maintenance and security of National Guard installations.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$393,336 federal funds and 14 staff in maintenance, groundskeeping, custodial work, and security.
- (\$23,082) core reduction from the Fiscal Year 2002 appropriation level.

#### **CHALLENGE YOUTH PROGRAM**

The Challenge Youth Program is an intensive, 22-week program designed to assist at-risk youth ages 17-19 to obtain GEDs and then move on to college or job opportunities. In addition to scholastic work and job training, participants are involved in classes pertaining to citizenship, life-coping skills, personal development, and group skills. The program is designed to help youth become self-reliant and thus reduce the juvenile crime rate.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$90,803) core reduction from the Fiscal Year 2002 appropriation level.

#### **TROUPERS TRAINING SCHOOL**

The Missouri National Guard was selected in 1998 as a national "Center of Excellence" for training by the federal government. In this role, the Missouri National Guard administers a military software-training program for Guard members from all U.S. states and territories.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$16,068 training site revolving fund and .92 staff for training site support services.
- (\$40,350) and (one) staff in core reduction from the Fiscal Year 2002 appropriation level.

#### **OFFICE OF AIR SEARCH AND RESCUE**

The Office of Air Search and Rescue provides emergency services utilizing the efforts of professionally trained pilots, communications specialists, and emergency support personnel. The office works in cooperation with state and federal agencies, the Civil Air Patrol, and public and private hospitals to provide emergency services, rescue operations, mercy missions, aerial observations, and emergency communications to anyone in immediate need of these specialized services.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$24,798) core reduction from the Fiscal Year 2002 appropriation level.



## DEPARTMENT OF PUBLIC SAFETY

### ADJUTANT GENERAL (Continued)

#### STATE EMERGENCY MANAGEMENT AGENCY

The State Emergency Management Agency develops policies and procedures that help protect citizens in times of disaster. The agency is charged with the task of preparing and periodically updating plans to manage and control the state's resources in emergency situations. Once disaster strikes, the agency administers federal assistance to disaster areas and coordinates efforts to aid individuals, protect property, and restore essential utilities and structures. A state emergency operations center also is maintained to serve as the control center for state government should emergency situations arise.

#### Fiscal Year 2003 Governor's Recommendations

- \$150,000 for Missouri Task Force One equipment needs.
- \$100,000 federal funds for opportunity grants.
- (\$66,263) core reduction from the Fiscal Year 2002 appropriation level.

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# DEPARTMENT OF CORRECTIONS

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 88,849,254	\$ 123,161,385	\$ 111,257,184	\$ 143,127,051
Division of Human Services	6,073,471	7,111,961	12,591,510	7,847,456
Division of Adult Institutions	185,236,966	207,727,096	268,577,711	197,976,607
Division of Offender Rehabilitative Services	95,100,474	111,501,708	145,453,283	140,331,252
Board of Probation and Parole	79,868,921	82,493,997	91,000,424	81,799,709
DEPARTMENTAL TOTAL	\$ 455,129,086	\$ 531,996,147 *	\$ 628,880,112	\$ 571,082,075
General Revenue Fund	419,775,315	482,507,741	576,973,520	519,488,185
Federal Funds	4,434,593	6,660,949	10,494,829	10,494,829
Working Capital Revolving Fund	27,759,498	38,267,445	36,826,299	36,539,049
Inmate Revolving Fund	3,076,260	4,212,912	4,238,364	4,212,912
Crime Victims' Compensation Fund	82,500	82,500	82,500	82,500
Correctional Substance Abuse Earnings Fund	920	264,600	264,600	264,600
Full-time equivalent employees	10,395.64	10,478.77	12,363.69	10,637.69

\* Does not include \$8,200,000 recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Department of Corrections Supplemental Appropriations.

## POLICY SUMMARY

The Governor recommends \$571,082,075 to meet the Department of Corrections' obligations in the criminal justice system and provide appropriate incarceration, supervision, and treatment for offenders.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

## INCREASING CAPACITY AND EFFICIENCY IN MISSOURI'S CORRECTIONAL INSTITUTIONS

Missouri statutes contain some of the toughest anti-crime provisions in the country. As a result, Missouri law now requires dangerous, violent criminals to serve longer sentences than ever before. These "get tough" provisions have resulted in a rapidly expanding prison population. During the last seven calendar years, Missouri's inmate population has grown by 10,695 inmates or 4.81 inmates per day, an increase of 234 percent over the historic rate of 1.44 inmates per day. During calendar year 2001, the population grew at a rate of 3.59 inmates per day, an increase of 149 percent over the historic rate. In order to uphold the fundamental obligation to protect Missourians from criminals, Governor Holden's Fiscal Year 2003 budget proposes a total increase of \$39,085,928 to meet the costs of the projected average daily inmate population of 29,819.

Tough laws have little effect without space to incarcerate offenders. To ensure that law abiding Missourians are separated from dangerous criminals, the Governor recommends providing a total of \$44.4 million dollars to open the Eastern Reception and Diagnostic Correctional Center in Bonne Terre, Missouri; continue the phased-in opening of Southeast Missouri Correctional Center in Charleston, Missouri; and maintain current interim housing at Alcoa Correctional Center, Fulton Diagnostic and Reception Center, and Western Missouri Correctional Center (Cameron).

The addition of the Eastern Reception and Diagnostic Correctional Center will help ensure that Missouri prison capacity needs will be met. At full operating capacity, the institution will operate as an 820-bed intake unit serving as the point of admission for offenders committed in the eastern regions of the state. The remaining 1,768 beds will serve as housing for high custody male inmates. At the conclusion of its phased-in opening, Southeast Correctional Center will contribute another 1,596 inmate beds. Both the Eastern Reception and Diagnostic Center and the Southeast Correctional Center will be state-of-the-art correctional facilities that will serve Missourians not only by housing inmates but doing so through the most efficient means possible.

## DEPARTMENT OF CORRECTIONS

### POLICY SUMMARY (Continued)

Some performance measures the Department of Corrections uses to evaluate its management of Missouri's inmate population follow:

	1999	2000	2001
Percentage of confined population to design capacity	138%	123%	125%
Average daily prison population	25,070	26,284	27,542
Difference per day in inmate medical costs compared to national average	(\$1.93)	(\$2.60)	N/A

Offenders must be prepared to live within the rules of lawful society if they are to be eventually released. Some performance measures the Department of Corrections uses to evaluate its efforts at holding offenders accountable to behaving in societal norms follow:

	1999	2000	2001
Percentage of incarcerated offenders with a high school diploma or GED	59%	62%	62%
Percentage of incarcerated offenders served by substance abuse programs	33.0%	42.0%	40.3%
Percentage of incarcerated offenders testing positive for substance abuse	2.4%	2.2%	2.3%
Percentage of probationers/parolees testing positive for substance abuse	21.8%	22.9%	17.0%
Restitution collected from offenders	\$8,359,919	\$8,913,142	\$9,284,474

**DEPARTMENT OF CORRECTIONS  
OFFICE OF THE DIRECTOR**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director (Staff)	\$ 2,755,845	\$ 3,444,618	\$ 3,182,181	\$ 2,875,595
Mental Health Assessments	88,439	0	0	0
General Services	2,529,094	2,804,723	3,364,593	2,974,847
Federal Programs	3,162,011	5,179,125	9,013,005	9,013,005
Information Systems	6,550,438	6,974,170	14,002,219	7,085,628
Inmate Revolving Fund Programs	661,885	845,288	862,520	845,288
Fuel and Utilities	16,641,893	20,113,213	21,351,796	21,351,796
Fuel and Utilities/Board of Public Buildings	2,408,550	2,568,750	2,568,750	2,568,750
Telecommunications	2,626,312	4,375,146	4,706,289	4,093,518
Food Purchases	21,144,318	24,040,594	24,815,372	24,815,372
Wage and Discharge Costs	3,149,347	3,639,888	4,407,194	4,407,194
Institutional Security Pool	8,737,277	0	0	0
Institutional Expense and Equipment Pool	14,617,760	17,418,120	18,636,875	18,636,875
Major Equipment Purchases	0	0	3,890,540	0
Maintenance and Repair	829,684	0	454,058	0
Public School Retirement	0	1,792	1,792	1,792
Population Growth Pool	0	31,755,958	0	44,457,391
Interim Housing Costs	1,681,749	0	0	0
Prison Startup Costs	1,264,652	0	0	0
OFFICE OF THE DIRECTOR TOTAL	\$ 88,849,254	\$ 123,161,385	\$ 111,257,184	\$ 143,127,051
PERSONAL SERVICE				
General Revenue Fund	16,981,950	7,705,002	9,474,343	35,941,892
Federal Funds	1,312,896	1,820,707	2,154,587	2,154,587
Working Capital Revolving Fund	53,754	71,325	72,828	71,325
Inmate Revolving Fund	539,588	719,191	736,423	719,191
EXPENSE AND EQUIPMENT				
General Revenue Fund	64,185,583	106,571,745	89,045,588	94,466,641
Federal Funds	2,721,697	4,808,418	8,308,418	8,308,418
Working Capital Revolving Fund	2,931,489	1,256,400	1,256,400	1,256,400
Inmate Revolving Fund	122,297	126,097	126,097	126,097
Crime Victims' Compensation Fund	0	82,500	82,500	82,500
TOTAL	\$ 88,849,254	\$ 123,161,385	\$ 111,257,184	\$ 143,127,051
General Revenue Fund	81,167,533	114,276,747	98,519,931	130,408,533
Federal Funds	4,034,593	6,629,125	10,463,005	10,463,005
Working Capital Revolving Fund	2,985,243	1,327,725	1,329,228	1,327,725
Inmate Revolving Fund	661,885	845,288	862,520	845,288
Crime Victims' Compensation Fund	0	82,500	82,500	82,500
Full-time equivalent employees	680.86	300.37	337.37	304.37

## DEPARTMENT OF CORRECTIONS

### OFFICE OF THE DIRECTOR (continued)

The director of the Department of Corrections provides guidance, coordination, and control of the four departmental divisions: Human Services, Adult Institutions, Offender Rehabilitative Services, and the Board of Probation and Parole. The Office of the Director consists of the Director's Office, the Deputy Director's Office, Public Information, Office of Constituent Services, and Legal Services. Department-wide appropriations centralized at this level include inmate fund programs, telecommunications, fuel and utilities, food, inmate wage and discharge fund, security staff, the institutional expense and equipment pool, and federal programs.

#### Fiscal Year 2003 Governor's Recommendations

- \$44,457,392 for the Inmate Growth Pool.
- \$3,833,880 federal funds and 13 staff for increased education and substance abuse services.
- \$1,238,583 for increased fuel and utilities.
- \$1,166,109 for increased institutional expense and equipment.
- \$774,778 for increased food costs.
- \$650,000 for wage and discharge carryover.
- \$175,000 for insurance for Eastern Reception and Diagnostic Correctional Center.
- \$117,306 for increased wage and discharge costs.
- \$409,422 and seven staff transferred from the Division of Adult Institutions.
- \$51,137 and one staff transferred from the Division of Probation and Parole.
- \$38,118 and one staff transferred from the Division of Offender Rehabilitation.
- \$25,866 and one staff transferred from the Division of Human Services.
- (\$32,067,886) for one-time reductions.
- (\$613,196) and (14.00) staff transferred to the Division of Human Services.
- (\$139,522) and (five) staff transferred to the Division of Adult Institutions.
- (\$151,321) core reduction from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF CORRECTIONS**

### **DIVISION OF HUMAN SERVICES**

The Division of Human Services consists of Training; Employee Health and Safety; Human Resources; Budget and Planning; Fiscal Management; General Services; and Religious and Spiritual Programs. Training is responsible for training new staff and upgrading training for present staff. Employee Health and Safety consists of activities involving infectious disease control, wellness programs, and other items that relate to employee morale and well-being. Human Resources coordinates hiring, promotions, and discipline in all four divisions to ensure professional and equitable treatment is available to all employees. Budget and Planning ensures that long and short term budgetary and strategic planning needs are identified and addressed. Fiscal Management carries out the department's day to day financial operations. General Services coordinates food and construction services. Chaplains and volunteers are supervised by Religious and Spiritual Programs.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$160,979 and one staff for tuberculosis testing.
- \$613,198 and 14 staff transferred from Office of the Director Staff.
- \$47,687 and one staff transferred from the Division of Adult Institutions Staff.
- \$41,781 and one staff transferred from the Division of Probation and Parole.
- \$39,210 and one staff transferred from the Division of Offender Rehabilitative Services.
- (\$141,494) core reduction from the Fiscal Year 2002 appropriation level.
- (\$25,866) and (one) staff transferred to Office of the Director Staff.

**DEPARTMENT OF CORRECTIONS  
DIVISION OF ADULT INSTITUTIONS**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 EXPENDITURE	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Central Office	\$ 1,990,884	\$ 3,595,844	\$ 8,742,735	\$ 2,234,950
Jefferson City Correctional Center	15,601,228	17,780,572	18,174,352	17,665,971
Central Missouri Correctional Center	6,412,587	7,536,782	7,989,924	7,748,855
Women's Eastern Reception & Diagnostic Correctional Center	9,764,679	11,180,680	11,491,184	11,065,736
Ozark Correctional Center	3,771,071	4,093,626	4,622,634	4,481,304
Moberly Correctional Center	9,369,689	10,592,440	10,915,382	10,592,440
Algoa Correctional Center	7,245,228	8,020,800	8,925,071	8,113,946
Missouri Eastern Correctional Center	5,972,312	6,921,010	7,100,506	6,892,353
Chillicothe Correctional Center	3,466,080	3,806,529	4,095,351	3,962,955
Boonville Correctional Center	7,522,433	8,099,364	8,277,009	8,042,710
Farmington Correctional Center	13,127,876	14,265,009	14,879,744	14,417,537
Farmington Correctional Center/ Board of Public Buildings	1,293,419	1,391,937	1,426,231	1,391,937
Farmington Boot Camp	634,168	697,610	715,129	664,151
Western Missouri Correctional Center	12,939,875	13,897,579	17,327,171	13,945,828
Potosi Correctional Center	8,296,376	8,989,169	9,323,963	9,035,391
Potosi Correctional Center Lease Payment	0	13,650	0	0
Fulton Reception & Diagnostic Correctional Center	7,799,123	8,376,476	10,564,878	8,294,111
FRDCC/Board of Public Buildings	541,894	617,078	634,275	617,078
Tipton Correctional Center	9,082,378	10,152,374	10,414,977	10,083,518
Western Reception & Diagnostic Correctional Center	13,528,455	15,668,875	16,191,176	15,534,441
Maryville Treatment Center	5,535,347	6,390,634	6,554,045	6,291,454
Crossroads Correctional Center	9,097,042	10,759,855	11,007,725	10,626,412
Northeast Correctional Center	12,922,813	14,659,318	15,098,618	14,583,375
Eastern Reception & Diagnostic Correctional Center	101,710	105,606	38,743,124	77,352
Eastern Reception & Diagnostic Center Lease	8,287,500	8,405,597	0	0
South Central Correctional Center	10,932,799	11,708,682	12,018,089	11,612,802
Southeast Correctional Center	0	0	13,344,418	0
DIVISIONAL TOTAL	\$ 185,236,966	\$ 207,727,096	\$ 268,577,711	\$ 197,976,607
PERSONAL SERVICE				
General Revenue Fund	174,747,883	197,774,736	249,901,567	196,791,751
Working Capital Revolving Fund	448,334	456,962	466,548	456,962
Inmate Revolving Fund	105,404	157,182	161,640	157,182
EXPENSE AND EQUIPMENT				
General Revenue Fund	1,647,845	932,620	18,047,956	570,712
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	8,287,500	8,405,596	0	0
TOTAL	\$ 185,236,966	\$ 207,727,096	\$ 268,577,711	\$ 197,976,607
General Revenue Fund	184,683,228	207,112,952	267,949,523	197,362,463
Working Capital Revolving Fund	448,334	456,962	466,548	456,962
Inmate Revolving Fund	105,404	157,182	161,640	157,182
Full-time equivalent employees	6,964.38	7,377.29	8,839.21	7,344.21

**Fiscal Year 2003 Governor's Recommendations**

- \$139,522 and four staff transferred from the Office of the Director.
- (\$8,418,498) transferred to the Office of Administration
- (\$765,455) and (26) staff transferred to the Division of Offender Rehabilitation Services.
- (\$409,421) and (six) staff transferred to the Office of the Director.
- (\$149,404) and (four) staff transferred to the Division of Probation and Parole.
- (\$47,687) and (one) staff transferred to the Division of Human Services.
- (\$99,546) and (0.08) staff core reduction from the Fiscal Year 2002 appropriation level.

# DEPARTMENT OF CORRECTIONS

## DIVISION OF ADULT INSTITUTIONS (continued) Missouri Prison Population: December 31, 2001

<b>Male Institutional</b>	<b><u>Capacity</u></b>	<b><u>Population</u></b>	<b><u>Vacancies</u></b>
Algoa Correctional Center	1,565	1,529	36
Biggs	20	12	8
Boonville Correctional Center, including 200 Tents	1,326	1,244	82
Northeast Correctional Center	1,975	1,920	55
Western Missouri Correctional Center	2,619	2,605	14
Central Missouri Correctional Center	1,000	994	6
Crossroads Correctional Center	1,500	1,372	128
Farmington Correctional Center	2,067	1,997	70
Fulton Reception and Diagnostic Center, including 144 Tents	1,416	1,881	(465)
Kansas City Community Release Center	250	242	8
South Central Correctional Center	1,596	1,414	182
Missouri Eastern Correctional Center	1,100	1,097	3
Moberly Correctional Center	1,800	1,797	3
Jefferson City Correctional Center	2,040	1,956	84
Ozark Correctional Center	650	649	1
Ozark Correctional Center - Camp Hawthorne	45	39	6
Potosi Correctional Center	792	789	3
Southeast Correctional Center	1,500	288	1,212
Western Reception and Diagnostic Correctional Center	1,614	1,587	27
St. Louis Community Release Center	400	360	40
Tipton Correctional Center	1,088	1,082	6
<b>Male Institutional Total</b>	<b>26,363</b>	<b>24,854</b>	<b>1,509</b>
<b>Male Treatment</b>			
Boonville Treatment Center	60	58	2
Farmington Boot Camp	50	49	1
Cremer (Treatment)	180	173	7
Farmington Treatment Center	503	433	70
Maryville Treatment Center	525	524	1
Mineral Area Treatment Center	100	88	12
Western Reception and Diagnostic Correctional Center	320	312	8
<b>Male Treatment Total</b>	<b>1,738</b>	<b>1,637</b>	<b>101</b>
<b>TOTAL MALE CAPACITY AND POPULATION</b>	<b>28,101</b>	<b>26,491</b>	<b>1,610</b>
<b>Female</b>			
Biggs	10	1	9
Chillicothe Correctional Center	525	517	8
Kansas City Community Release Center	50	36	14
St. Louis Community Release Center	100	39	61
Women's Eastern Reception and Diagnostic Correctional Center	1,588	1,522	66
<b>TOTAL FEMALE CAPACITY AND POPULATION</b>	<b>2,273</b>	<b>2,115</b>	<b>158</b>
<b>TOTAL POPULATION</b>	<b>30,374</b>	<b>28,606</b>	<b>1,768</b>
Population at end of Calendar 1995	18,704	Growth During Calendar 1995	1,370
Population at end of Calendar 1996	21,629	Growth During Calendar 1996	2,925
Population at end of Calendar 1997	23,652	Growth During Calendar 1997	2,023
Population at end of Calendar 1998	24,978	Growth During Calendar 1998	1,326
Population at end of Calendar 1999	26,227	Growth During Calendar 1999	1,249
Population at end of Calendar 2000	27,295	Growth During Calendar 2000	1,068
Population at end of Calendar 2001	28,606	Growth During Calendar 2001	1,311



**DEPARTMENT OF CORRECTIONS  
DIVISION OF OFFENDER REHABILITATIVE SERVICES**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Central Office	\$ 1,756,887	\$ 2,136,960	\$ 3,180,378	\$ 2,186,413
Medical Services	43,437,486	41,442,009	79,850,138	79,850,138
Mental Health Services	5,917,724	9,185,997	0	0
Medical Equipment	421,465	244,000	750,000	244,000
Medical Staff	431,274	65,910	0	0
JOBS	19,813,089	23,672,470	26,642,244	23,296,339
Vocational Enterprises	23,322,549	33,791,600	34,067,761	33,791,600
Prison Industry Enhancement	0	962,762	962,762	962,762
<b>DIVISIONAL TOTAL</b>	<b>\$ 95,100,474</b>	<b>\$ 111,501,708</b>	<b>\$ 145,453,283</b>	<b>\$ 140,331,252</b>
<b>PERSONAL SERVICE</b>				
General Revenue Fund	15,738,074	16,390,023	20,947,561	18,138,731
Working Capital Revolving Fund	7,235,620	8,457,411	7,723,219	7,447,058
<b>EXPENSE AND EQUIPMENT</b>				
General Revenue Fund	54,635,559	58,364,326	89,210,598	87,173,558
Federal Funds	400,000	1 E	1 E	1 E
Working Capital Revolving Fund	17,090,301	28,025,347	27,307,304	27,307,304
Correctional Substance Abuse Earnings Fund	920	264,600	264,600	264,600
<b>TOTAL</b>	<b>\$ 95,100,474</b>	<b>\$ 111,501,708</b>	<b>\$ 145,453,283</b>	<b>\$ 140,331,252</b>
General Revenue Fund	70,373,633	74,754,349	110,158,159	105,312,289
Federal Funds	400,000	1	1	1
Working Capital Revolving Fund	24,325,921	36,482,758	35,030,523	34,754,362
Correctional Substance Abuse Earnings Fund	920	264,600	264,600	264,600
<b>Full-time equivalent employees</b>	<b>672.75</b>	<b>601.65</b>	<b>833.65</b>	<b>770.65</b>

**Fiscal Year 2003 Governor's Recommendations**

- \$29,222,132 for increased medical services.
- \$2,051,595 and 45 staff for population-based education increases.
- \$765,455 and 26 staff transferred from the Division of Adult Institutions.
- 149 staff transferred to reflect actual staffing levels of the Division of Rehabilitative Services.
- (\$1,947,946) and (33) staff in one-time reductions, including (\$219,550) in general revenue.
- (\$1,184,365) and (16) staff core reduction from the Fiscal Year 2002 appropriation level.
- (\$39,209) and (one) staff transferred to the Division of Human Services.
- (\$38,118) and (one) staff transferred to the Office of the Director.

## DEPARTMENT OF CORRECTIONS

### BOARD OF PROBATION AND PAROLE

The Board of Probation and Parole provides a full range of supervision strategies to manage offenders who are on probation and parole. These strategies combine appropriate structure, control, treatment, and intervention to address the risk and needs of offenders in the community. In addition to supervision of offenders, staff provides assessments and investigations for the courts, parole board, and other states. These assessments and investigations assist the judges and parole board in making informed and appropriate decisions on cases before them. Through professional assessment and supervision, the board is able to identify and deliver a continuum of necessary services to address a complex offender population. The board also manages a range of alternatives, including community sentencing, the house arrest program, intensive supervision, and halfway houses.

#### Fiscal Year 2003 Governor's Recommendations

- \$149,404 and four staff transferred from the Division of Adult Institutions.
- (\$750,774) core reduction from the Fiscal Year 2002 appropriation level.
- (\$51,137) and (one) staff transferred to the Office of the Director.
- (\$41,781) and (one) staff transferred to the Division of Human Services.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Probation and Parole Staff	\$ 60,404,411	\$ 63,976,942	\$ 71,121,587	\$ 63,968,265
St. Louis Community Release Center	3,271,215	3,712,088	3,781,009	3,654,518
Kansas City Community Release Center	1,733,968	2,103,945	2,291,937	2,226,678
Community-Based Corrections Programs	14,459,327	12,701,022	13,805,891	11,950,248
DIVISIONAL TOTAL	\$ 79,868,921	\$ 82,493,997	\$ 91,000,424	\$ 81,799,709
PERSONAL SERVICE				
General Revenue Fund	59,650,507	63,912,047	69,614,109	63,991,451
Inmate Revolving Fund	76,978	157,734	161,496	157,734
EXPENSE AND EQUIPMENT				
General Revenue Fund	17,909,443	15,371,508	18,172,111	14,597,816
Inmate Revolving Fund	2,231,993	3,052,708	3,052,708	3,052,708
TOTAL	\$ 79,868,921	\$ 82,493,997	\$ 91,000,424	\$ 81,799,709
General Revenue Fund	77,559,950	79,283,555	87,786,220	78,589,267
Inmate Revolving Fund	2,308,971	3,210,442	3,214,204	3,210,442
Full-time equivalent employees	1,955.30	2,071.88	2,197.88	2,073.88

# DEPARTMENT OF MENTAL HEALTH

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of the Director	\$ 24,998,967	\$ 36,178,321	\$ 28,238,909	\$ 20,239,094
Division of Alcohol and Drug Abuse	64,622,137	71,429,011	109,683,045	72,948,271
Division of Comprehensive Psychiatric Services	286,889,419	320,159,484	353,450,860	246,468,272
Division of Mental Retardation and Developmental Disabilities	250,993,157	270,514,509	310,630,308	250,828,735
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 627,503,680</b>	<b>\$ 698,281,325 *</b>	<b>\$ 802,003,122</b>	<b>\$ 590,484,372</b>
General Revenue Fund	529,475,432	561,040,472	654,302,498	442,243,626
Federal Funds	78,366,142	109,865,253	119,102,003	121,115,146
General Revenue Reimbursements Fund	3,080,918	4,544,329	4,680,659	4,544,329
Compulsive Gamblers Fund	130,088	452,696	478,962	452,696
Health Initiatives Fund	6,132,968	6,849,157	7,034,203	6,299,157
Family Support Loan Program Fund	63,897	291,305	291,305	291,305
Mental Health Earnings Fund	1,679,846	1,872,990	2,438,348	1,872,990
HFT-Health Care Account	0	5,091,900	5,091,900	5,091,900
HFT-Tobacco Prevention Account	0	0	300,000	300,000
Mental Health Institution Gift Trust Fund	8,574,389	8,273,223	8,283,244	8,273,223
<b>Full-time equivalent employees</b>	<b>9,422.01</b>	<b>10,386.04</b>	<b>10,529.02</b>	<b>10,109.82</b>

\* Does not include \$9,551,520 recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Mental Health supplemental appropriations.

## POLICY SUMMARY

Governor Holden's Fiscal Year 2003 budget provides \$590.5 million for the Department of Mental Health to support Missourians with mental illness, substance abuse problems, and developmental disabilities. The department has focused its efforts on reducing substance abuse by youth, helping children with severe mental illness live successfully in their communities, and improving the quality of care for all mental health clients. Through these efforts, the lives of clients are improved and safety for all Missourians is enhanced.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

## ENHANCING THE HEALTH AND SAFETY OF THE PUBLIC

Most Missourians with mental disabilities pose no threat to others, but the department does help ensure public safety through prevention and treatment of substance abuse, treatment of persons whose mental disabilities make them dangerous to themselves or others, and custody and treatment for individuals judged to be sexually violent predators. Governor Holden recommends:

- \$1.4 million to expand the treatment program for sexually violent predators at the Southeast Missouri Mental Health Center. In Fiscal Year 2003 the department expects the number of persons detained or committed to the program by the courts to reach approximately 100, up from 55 at the end of December 2001.
- \$1.9 million federal funds to provide housing to homeless Missourians with mental disabilities and substance abuse problems.
- \$1.2 million federal funds to pilot a school-based drug prevention and intervention program for youth and expand and ensure the effectiveness of community-based drug prevention services.

## DEPARTMENT OF MENTAL HEALTH

### POLICY SUMMARY (Continued)

#### EFFECTIVE AND EFFICIENT STATE SERVICES

Ensuring efficient and effective state services is always important, but when resources are very limited it is even more critical. The Department of Mental Health has aggressively worked to streamline administrative functions; focus its funding on direct services to clients, particularly children; and improve accountability. Governor Holden's recommendations continue these improvements:

- \$1.8 million federal funds, along with redirected core funding, will continue modernization of the department's management information system, allowing for improved quality of care, better monitoring and assessment of results, more efficient payments to providers, and improved collections of federal funds and other reimbursements.
- \$1.4 million federal funds to provide residential treatment services for children in the care and custody of the Department of Social Services. The Department of Mental Health will be able to maximize federal revenues, improve quality of care for these children, and reduce the cost to the Department of Social Services.
- \$1.1 million federal funds to improve care for Missourians with developmental disabilities by contracting with registered nurses to monitor the clients' health and ensure the most effective care.

Some performance measures the Department of Mental Health will use to evaluate the success of its programs follow:

	1999	2000	2001
Percentage of high school seniors using alcohol	57.2%	N/A	52.2%
Percentage of high school students using marijuana	24.5%	N/A	24.6%
Families still intact after one year in Families First	85%	83%	N/A
Percent of developmentally disabled children with DMH support whose families care for them at home	96.7%	97.9%	97.8%
Alcohol- and drug-related traffic crashes resulting in death	210	250	N/A
Percentage of Missourians homeless or in shelters	1.2%	1.2%	N/A
Number of psychiatric clients living independently	6,442	6,862	7,141
Alcohol and drug abuse treatment clients	32,950	36,219	37,523
Psychiatric clients in community programs	54,626	58,096	61,799
Developmentally disabled clients in community settings	24,236	25,951	27,597

## **DEPARTMENT OF MENTAL HEALTH**

### **OFFICE OF THE DIRECTOR**

The Department of Mental Health serves persons with mental illness, developmental disabilities, and substance abuse problems through institutional and community-based programs. These programs are operated by the Divisions of Alcohol and Drug Abuse, Comprehensive Psychiatric Services, and Mental Retardation and Developmental Disabilities. The seven-member Missouri Mental Health Commission appoints the Department of Mental Health Director.

The Office of the Director implements the plans and policies of the Mental Health Commission and manages the department. Its Office of Administration provides management and fiscal support, including the annual budget, capital improvements, accounting, building maintenance and management, revenue collection, contracting, dietary consultation, purchasing, and general services. The Office of Departmental Affairs performs audit services, abuse and neglect investigations, licensure and certification functions, medical oversight, legal counsel and financial counseling, and services for the deaf. The Office of Human Resources oversees personnel and labor relations. The Office of Public Affairs disseminates information about mental health programs and services and assists the divisions and facilities in such activities. The Office of Information Systems manages and develops the department's data processing capacity.

The Office of the Director also administers several department-wide activities. These include refunding overpayments by private payors and insurers, tracking the use of private donations to the department, maintaining department facilities, and administering federal grants.

### **Fiscal Year 2003 Governor's Recommendations**

- \$1,750,000 federal funds for the new management information system to improve the efficiency of the department's operations, quality of care, and accountability for results.
- \$279,024 core reallocated from other divisions for information management services.
- (\$5,900,000) federal funds core reduction for one-time expenditures.
- (\$5,091,900) other funds core reallocated to other divisions for the Safety Net Program.
- (\$4,788,326) and (38.81) staff in core reduction.
- (\$1,938,025) and (1.71) staff transferred to the Department of Social Services for Caring Communities, including (\$83,442) general revenue.
- (\$250,000) federal funds core reallocated to the Division of Alcohol and Drug Abuse for the substance abuse block grant.

## **DEPARTMENT OF MENTAL HEALTH**

### **DIVISION OF ALCOHOL AND DRUG ABUSE**

The Division of Alcohol and Drug Abuse (ADA) works to prevent substance abuse and provides treatment for rehabilitation of substance abusers and compulsive gamblers. The division helps clients through counseling, detoxification, residential treatment, and other services purchased from community agencies. The Comprehensive Substance Treatment and Rehabilitation (CSTAR) Program provides long-term outpatient and follow-up services, with partial funding through Medicaid. The central office of the division certifies providers, offers prevention education and training, works with communities developing their own prevention programs, carries out research and evaluation, and provides fiscal management. Missouri receives federal funds from the Substance Abuse Prevention and Treatment Block Grant, the Center for Substance Abuse Treatment, and the U.S. Department of Education.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$5,945,508 federal funds for increased appropriation authority for substance abuse treatment services.
- \$4,350,349 federal funds for increased appropriation authority for substance abuse prevention services.
- \$1,118,555 federal funds to provide housing to homeless disabled persons who are diagnosed with a substance abuse problem.
- \$704,389 federal funds and .2 staff for a five-year grant to work with local agencies to provide substance abuse services for youth.
- \$195,410 federal funds for a school-based prevention and intervention initiative.
- \$150,500 federal funds and 1.78 staff for a grant to develop new performance measures.
- \$130,582 federal funds for a grant to expand the statewide substance abuse recovery community education organization.
- \$3,777,681 other funds core reallocated from the Office of the Director for the Safety Net Program.
- \$2,373,091 and 59.93 staff core reallocated from the Division of Comprehensive Psychiatric Services for treatment services, including \$1,664,631 general revenue.
- \$720,000 federal funds transferred from the Department of Public Safety for the enforcement of underage drinking program.
- \$300,000 other funds transferred from the Department of Health and Senior Services for tobacco prevention.
- \$250,000 federal funds core reallocated from the Office of the Director for the substance abuse block grant.
- \$81,120 and one staff core reallocated from the Division of Comprehensive Psychiatric Services.
- \$5,236 transferred from the Department of Social Services for the Medicaid share of the Breast and Cervical Cancer Program.
- (\$15,796,627) core reduction in substance abuse treatment services, which is necessary to ensure a balanced budget. Because of the critical importance of these services to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$2,168,752) and (three) staff in core reduction.
- (\$525,000) federal funds core reduction from an expired federal grant.
- (\$81,120) core reallocated to the Office of the Director for information management services.
- (\$11,662) core reduction for the increased federal match rate for Medicaid.

## DEPARTMENT OF MENTAL HEALTH

### DIVISION OF COMPREHENSIVE PSYCHIATRIC SERVICES

The Division of Comprehensive Psychiatric Services operates several state facilities and purchases residential, rehabilitative, and support services for clients who live in community settings. The ultimate objective is an integrated mental health service system that will enable clients to live as normally and independently as their conditions permit. The division funds a wide array of services, including residential care centers, foster homes, group homes, independent living programs, nursing homes, supported employment, crisis intervention, psychiatric rehabilitation, and other forms of assistance. Many of these services are partially funded through Medicaid.

The division provides inpatient care at three rehabilitation centers, two children's psychiatric hospitals, one children's residential center, and four state-operated acute care centers. These facilities offer inpatient care for adults who are seriously mentally ill and for severely emotionally disturbed children. Services include acute care, long-term rehabilitation for clients who are not ready to return to the community, and outpatient care. A large part of the population in the long-term rehabilitation facilities consists of forensic clients. These are people committed to the department by the courts as not guilty by reason of mental disease or defect, or as incompetent to stand trial. Fulton State Hospital and the Southeastern Missouri Mental Health Center also provide mental health care for prison inmates. The division also operates the Sexually Violent Predator Program at the Southeast Missouri Mental Health Center. Following are data for these facilities:

Facility	Total Staffed Beds	FY 2000 Inpatient Days	Forensic and Corrections Beds
Fulton State Hospital	505	178,178	406
Northwest Missouri Psychiatric Rehabilitation Center	120	42,662	86
St. Louis Psychiatric Rehabilitation Center	212	76,456	159
Southwest Missouri Psychiatric Rehabilitation Center	24	8,709	0
Cottonwood Residential Treatment Center	32	9,226	0
Hawthorn Children's Psychiatric Hospital	52	16,097	0
Metropolitan St. Louis Psychiatric Center	112	33,404	0
Mid-Missouri Mental Health Center	69	23,011	0
Southeast Missouri Mental Health Center	286	88,757	84
Sexual Predator Program	N/A	15,708 *	50
Farmington Correctional Center Beds	N/A	9,375 *	20
Western Missouri Mental Health Center	187	58,434	0

\*Included in the 88,757 for Southeast MO MHC

### Fiscal Year 2003 Governor's Recommendations

- \$1,383,830 federal funds and 17 staff to provide residential treatment services for children in the custody of the Department of Social Services.
- \$1,372,734 and 34.6 staff for increased caseload at the Missouri Sexual Offender Treatment Center.
- \$766,633 federal funds to provide housing to homeless disabled persons who are diagnosed with a substance abuse problem.
- \$1,070,317 other funds core reallocated from the Office of the Director for the Safety Net Program.
- \$1,483 transferred from the Department of Social Services for the Medicaid share of the Breast and Cervical Cancer Program.
- (\$56,048,544) core reduction in community comprehensive psychiatric services, which is necessary to ensure a balanced budget. Because of the critical importance of these services to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$12,472,875) and (160.2) staff in core reduction.
- (\$5,686,280) federal funds core reduction of excess appropriation authority.
- (\$2,373,091) and (59.93) staff core reallocated to the Division of Alcohol and Drug Abuse for treatment services, including (\$1,664,631) general revenue.
- (\$550,000) other funds transferred to the Department of Social Services for health initiatives fund expenses.
- (\$486,028) transferred to the Department of Social Services for Medicaid expenses.
- (\$361,373) core reduction for one-time expenditures.
- (\$141,372) core reallocated to the Office of the Director for information management services.
- (\$85,526) core reduction for the increased federal match rate for Medicaid.
- (\$81,120) and (1.00) staff core reallocated to the Division of Alcohol and Drug Abuse.

## DEPARTMENT OF MENTAL HEALTH

### DIVISION OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES

The Division of Mental Retardation and Developmental Disabilities operates several facilities and purchases residential, habilitative, and support services for clients who live in the community and for families who keep their developmentally disabled children at home. This is a key element in the development of an integrated system that will enable mentally retarded and developmentally disabled clients to live as normally and independently as their conditions and behavior permit. Community-based services range from residential placements to support services for persons living with their families or in their own apartments. The Medicaid Home- and Community-Based Waiver plays a major role in the division's community service system. Its 11 regional centers are the entry and exit points for clients. They provide screening and diagnostic services for both children and adults, evaluate the need for services and arrange for them, and monitor and assess the clients' progress.

The division provides residential services at the six state habilitation centers. These centers offer long-term training and habilitation for clients who cannot move into community settings because of the severity of their disabilities or for behavioral reasons. Those who can make the change are eventually moved into community settings, with the goal of integrating them as fully as possible into normal community life. The following table shows the number of beds in the habilitation centers:

Facility	Beds
Bellefontaine Habilitation Center	389
Higginsville Habilitation Center	135
Marshall Habilitation Center	308
Nevada Habilitation Center	136
St. Louis Developmental Disabilities Treatment Center	241
Southeast Missouri Residential Services	86
Habilitation Center Clients in Community Settings	181
Total	1,476

### Fiscal Year 2003 Governor's Recommendations

- \$6,907,824 federal funds to replace a portion of the general revenue core reduction in community programs.
- \$1,092,176 federal funds to allow providers to contract for registered nurses to monitor the health of consumers.
- \$243,902 other funds core reallocated from the Office of the Director for the Safety Net Program.
- \$338 transferred from the Department of Social Services for the Medicaid share of the Breast and Cervical Cancer Program.
- (\$20,450,631) core reduction in community services for the developmentally disabled, which is necessary to ensure a balanced budget. Because of the critical importance of these services to Missourians, the general revenue will be replaced with budget reserve funds in HB 14. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$7,102,149) and (126.08) staff in core reduction.
- (\$274,227) core reduction for the increased federal match rate for Medicaid.
- (\$56,532) core reallocated to the Office of the Director for information management services.
- (\$46,475) core reduction for one-time expenditures.

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# DEPARTMENT OF HEALTH AND SENIOR SERVICES

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Health Administration	\$ 19,681,726	\$ 54,962,500	\$ 32,752,768	\$ 29,567,203
Center for Health Information Management and Evaluation	11,169,934	11,311,565	17,741,672	14,414,739
Center for Local Public Health Services	9,396,174	10,587,432	11,364,722	10,504,992
Center for Health Improvement	10,611,628	14,518,444	14,886,234	8,849,970
Missouri Health Facilities Review Committee	313,880	322,726	332,214	255,626
Environmental Health and Communicable Disease Prevention	26,235,843	39,905,322	39,250,261	37,540,099
Maternal, Child and Family Health	31,459,494	43,350,836	46,044,744	41,838,241
Nutritional Health and Services	125,181,830	159,174,068	152,138,617	153,948,763
Health Standards and Licensure	13,311,973	18,236,757	18,671,577	17,361,027
Chronic Disease Prevention and Health Promotion	8,489,744	34,586,944	33,388,835	32,687,503
Senior Services	83,105,192	96,372,761	99,875,390	70,256,942
Missouri Senior Prescription Program	0	0	75,769,494	75,769,494
DEPARTMENTAL TOTAL	\$ 338,957,418	\$ 483,329,355 *	\$ 542,216,528	\$ 492,994,599
General Revenue Fund	92,030,539	103,757,662	114,797,673	72,722,443
Federal Funds	231,519,879	302,148,677	298,933,690	296,828,656
Intergovernmental Transfer Fund	0	26,432	0	0
Division of Aging Donations Fund	0	50,000	50,000	50,000
Nursing Facility Quality of Care Fund	2,455,262	3,360,004	3,400,525	3,360,004
Health Initiatives Fund	4,898,884	5,406,382	5,408,166	5,406,382
Health Access Incentive Fund	4,043,236	4,219,172	4,225,011	4,219,172
Mammography Fund	47,616	70,107	71,787	70,107
Division of Aging Elderly Home Delivered Meals Trust Fund	88,452	430,000	430,000	430,000
Missouri Public Health Services Fund	1,166,998	3,216,340	3,246,668	3,212,340
Professional and Practical Nursing Student Loan and Nurse Loan Repayment Fund	459,407	535,256	537,259	535,256
Medical School Loan and Loan Repayment Program Fund	22,500	50,000	50,000	50,000
Healthy Families Trust Fund (HFT)-Health Care Treatment and Access Account	0	28,411,800	3,340,108	0
HFT-Early Childhood Care & Education Account	0	1,340,350	1,340,350	0
HFT-Tobacco Prevention Account	0	22,176,700	21,276,700	21,276,700
Department of Health Document Services Fund	52,763	225,000	225,000	225,000
Workers' Compensation Fund	129,327	138,942	143,922	138,942
Department of Health - Donated Fund	1,345,913	5,728,615	6,517,539	6,513,854
Hazardous Waste Remedial Fund	190,702	239,954	245,131	239,954
Missouri Senior Rx Fund	0	0	75,769,494	75,769,494
Organ Donor Program Fund	299,697	371,669	374,645	371,669
Early Childhood Development, Education and Care Fund	190,125	989,626	996,860	989,626
Smith Memorial Endowment Trust Fund	6,190	35,000	35,000	35,000
Blindness Education, Screening and Treatment Program Fund	0	126,667	250,000	250,000
Missouri Lead Abatement Loan Fund	0	0	276,000	25,000
Crippled Children's Fund	9,928	275,000	275,000	275,000
Full-time equivalent employees	1,866.71	2,154.77	2,300.82	2,180.55

- Does not include \$5,523,521 recommended in Fiscal Year 2002 Supplemental Appropriations, including \$572,023 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Health and Senior Services supplemental appropriations.

## DEPARTMENT OF HEALTH AND SENIOR SERVICES

### POLICY SUMMARY

Governor Holden's budget for Fiscal Year 2003 provides a total of \$493 million for the Department of Health and Senior Services for its vital role in protecting and promoting the health of Missourians. The department is engaged in activities that protect the health and well-being of Missouri's citizens, prevent or control communicable diseases, reduce the burden of chronic diseases, and safeguard the public.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

### SAFEGUARD THE PUBLIC

The events of September 11<sup>th</sup> in New York City and Washington, D.C. sent a clarion call to decision makers that the nation's emergency response system to bioterrorism must be improved if citizens are to be protected from the various biohazards that can be set loose upon the public. In response, Missouri has made great strides in setting and implementing policies to improve the detection, analysis, and response capabilities to the potential release of biohazardous materials in the state. The Governor has recommended additional funding for improving the surveillance and response system so that problems can be detected early and a comprehensive response can be implemented quickly. The same system can be used in the event of natural disasters or environmental hazards. The Governor's recommendations include:

- \$764,856 to expand the high alert biological, chemical and radiological surveillance and response system. One estimated dollar is included should federal funding become available to assist the state in this effort.
- Governor Holden has requested that the Board of Public Buildings issue revenue bonds to replace the current State Public Health Laboratory with a facility that will accommodate both the increased number of tests and the complexity of biohazardous materials handling, testing, and processing. Design and planning work has been underway and construction should begin in 2003.

In addition to its role in responding to biohazards, core public health functions include such activities as restaurant, hospital, ambulatory surgical centers, nursing homes, lead abatement projects, child and adult daycare program inspections, prevention services, health screenings, and wellness promotion are necessary to protect the health of Missourians. In the Fiscal Year 2003 budget, the Governor recommends:

- \$329,403 for a federal grant to assist eight to ten local communities in the development of their local health care delivery systems.

Some performance measures the Department of Health and Senior Services uses to evaluate its goal of safeguarding the public follow:

	1998	1999	2000
Rate of tuberculosis (TB) disease per 100,000 population	3.4	3.8	3.8
Percentage of children with elevated blood lead levels	14%	12%	11%
Number of substandard hospital care cases	1,689	1,673	N/A

### PROTECT THE HEALTH OF MISSOURI'S CHILDREN

The Department of Health and Senior Services has focused its efforts to achieve priority results related to healthy Missourians. The department is working to increase the percentage of pregnancies that result in healthy babies, decrease the rate of infant mortality, and decrease the pregnancy rate for females under age 18. Great strides have been made in reducing childhood mortality, but significant risks to child health remain, including poor nutrition, unsafe environments, and high-risk behaviors among adolescents. Many challenges still remain in a state where 17.7 percent of our children lived in poverty in 1997. In 1999, a total of 5,844 babies were born with low birth weight, placing them at risk for adverse outcomes and premature deaths. Lack of access to health care, including medical and dental care, means many children do not get the screening, treatment, and prevention services they need in a timely manner. Fewer than a quarter of Missouri's adolescents consume five servings of fruits and vegetables daily and about 20 percent of our children have untreated dental cavities. A specific and totally preventable high-risk behavior among adolescents is tobacco use, whether smoking or chewing. In 1999, 32.8 percent of Missouri's adolescents were currently smoking, creating the potential for long-term future health problems such as cancer, heart disease, and obstructive lung disease, as well as premature deaths. In the Fiscal Year 2003 budget, Governor Holden recommends:

## DEPARTMENT OF HEALTH AND SENIOR SERVICES

### POLICY SUMMARY (Continued)

- \$168,372 to implement universal newborn hearing screening, referral, and follow-up to assure early intervention services that can help reduce delays in speech, language, social, and emotional development in those children who are deaf or hard of hearing from birth.
- \$2,495,713 to expand nutrition programs and nutrition education programs for pregnant women, children, and food stamp recipients.
- \$485,714 to expand the Farmers' Market Nutrition Program so that those in need can obtain fresh produce from local vendors.
- The Governor proposes to dedicate a portion of the budget reserve funds to provide genetic screening in newborns and to expand the Family Care Safety Registry. See the Budget Reserve Fund section of the Missouri Budget for more information.

Some performance measures the Department of Health and Senior Services uses to evaluate its goal of protecting the health of Missouri's children follow:

	1998	1999	2000
Percentage of births resulting in healthy birth weight babies	90.0%	90.2%	90.3%
Infant mortality rate per 1,000 births	7.6	7.7	7.2
Pregnancy rate per 1,000 females under age 18	38.1	35.5	34.4
Percentage of pregnant women who received adequate prenatal care	89.0%	89.5%	89.6%
Percentage of childcare facilities that meet health and safety standards	94%	94%	93%

### PREVENT AND CONTROL COMMUNICABLE AND CHRONIC DISEASES

Communicable diseases continue to threaten public health and contribute significantly to the cost of health care even though many serious infectious diseases are largely or completely preventable. In Missouri, there are at least 7,771 people living with reported cases of HIV/AIDS. In 1999, there were 8,187 reported cases of gonorrhea and 13,355 cases of chlamydia. Sexually transmitted diseases are the leading cause of infertility in women, and the cost of STD complications in Missouri is estimated at \$200 million annually. The Department of Health and Senior Services continues to focus funding at the local level where prevention and treatment efforts are most effective.

Chronic diseases such as heart disease, cancer, stroke, obstructive lung diseases, and diabetes are the most prevalent, costly, and preventable of all health problems. In 1998, these five conditions were responsible for 67 percent of all deaths in Missouri, and each of these diseases has substantial human costs as well as economic costs that exceed \$14.2 billion in Missouri annually. Chronic diseases share many of the same risk factors, including tobacco usage, obesity, lack of exercise, and diets lacking adequate fruits and vegetables. Despite the human and economic costs, 27.1 percent of adults and 32.8 percent of high school students in Missouri continue to smoke, many adults and children are obese, and more than a quarter of adults engage in no leisure time physical activity. Increasing the number of years of healthy living depends on Missourians identifying personal health risks, adopting healthy lifestyle habits, and using detection and treatment services effectively. In the Fiscal Year 2003 budget, Governor Holden recommends:

- \$123,333 to expand the Missouri Blindness Education, Screening and Treatment Program, created by SB 721 (2000), to provide educational programs and allow more people access to evaluations for earlier detection, sight preservation treatment services, and appropriate assistive devices for those with compromised vision.
- The Governor proposes to dedicate a portion of the budget reserve funds to provide a systemic lupus erythematosus program to track and monitor the prevalence of lupus in Missouri and promote research and public awareness of the disease. See the Budget Reserve Fund section of the Missouri Budget for more information.

## DEPARTMENT OF HEALTH AND SENIOR SERVICES

### POLICY SUMMARY (Continued)

Some performance measures the Department of Health and Senior Services uses to evaluate its goal of preventing or controlling communicable and chronic diseases follow:

	1998	1999	2000
Percentage of two-year-old children immunized	83%	76%	79%
Rate of chlamydia infections per 100,000 population	232.7	244.2	240.4
Rate of gonorrhea per 100,000 population	174.0	149.7	158.8
Rate of AIDS per 100,000 population	8.6	8.0	7.5
Percentage of people age 65 or older immunized for influenza	N/A	68%	70%
Percentage of people age 65 or older immunized for pneumococcal disease	N/A	53%	56%
Rate of heart disease per 100,000 population*	302.6	302.6	288.3
Rate of all cancer per 100,000 population*	215.8	210.6	205.6
Percentage of adults currently smoking	26.4%	27.1%	27.2%

\*Heart disease and cancer rates are adjusted for age using the United States 2000 standard million population.

### ENHANCING SUPPORT FOR ELDERLY CITIZENS

Governor Holden supports services to help seniors and adults with disabilities maintain their independence, autonomy, and safety. The number of Missouri seniors, those over 65, is rapidly increasing. Today, there are over 750,000 seniors. By 2025 our senior population will exceed 1.2 million, which will be almost 20 percent of Missouri's population. Missouri ranks 13<sup>th</sup> nationally in the percent of population age 65 and over. For Missouri seniors, the affordability of prescription drugs continues to be a serious concern. Prescription drug coverage is still excluded from Medicare, and separate insurance to cover prescription drugs is very costly. For seniors with limited resources, choosing which prescription to fill is, unfortunately, a choice that they often must make. Some seniors forego necessary medications, leading to increased illness and acute medication costs. In 2001, the General Assembly failed to pass the Governor's prescription drug plan. The Governor called the General Assembly back for a special session in September to address this important issue which ultimately passed a plan that Governor Holden signed it into law. This legislation:

- Creates the Missouri Senior Rx Program that will provide benefits to seniors who need assistance the most.
- Establishes a 15-member commission to oversee implementation of the Missouri Senior Rx Program.
- Provides drug coverage for seniors with individual incomes below \$17,000 or household incomes below \$23,000.
- Allows each eligible senior to save up to \$5,000 per year. The average savings estimate per participant is \$1,300 annually.
- Is estimated to serve 55,000 seniors in Fiscal Year 2003 and 80,000 next fiscal year.

In Fiscal Year 2003, the Governor recommends funding for the new Missouri Senior Rx Program as follows:

- \$75.8 million from the Missouri Senior Rx Fund for payments of prescription drugs for eligible seniors.

Some performance measures the Department of Health and Senior Services uses to evaluate the health, safety, and independence of Missouri's elderly and disabled citizens follow:

	1998	1999	2000
Percentage of seniors and persons with disabilities who are abused, neglected, or exploited	.73%	.76%	.84%
Percentage of Medicare/Medicaid long-term care facilities in substantial compliance	30.4%	33.1%	23.3%
Percentage of long-term care abuse/neglect reports that are "unable to verify"	25.3%	20.9%	N/A
Percentage of Medicaid recipients receiving community-based services	20.3%	21.4%	22.6%
Nursing facility cost avoidance due to the Missouri Care Options Program (million of dollars)	\$162.0	\$197.4	N/A

## **DEPARTMENT OF HEALTH AND SENIOR SERVICES**

### **HEALTH ADMINISTRATION**

The department's central administration is responsible for cost-effective implementation of Missouri's public health programs and provides administrative support to the Director's Office and all other Department of Health and Senior Services divisions. Responsibilities and services include budgeting, accounting, expenditure control, purchasing, contract and grant administration, internal auditing, and general office support. Administration staff also support the work of the State Board of Health, which advises the director in the planning and operation of the department. The Office of Epidemiology investigates and assists others with public health issues.

The State Public Health Laboratory performs analysis of samples from newborns for metabolic conditions; conducts tests of human samples for agents suspected in disease outbreaks; and performs tests for tuberculosis, HIV, sexually transmitted diseases, rabies, immunizable diseases, and other diseases. The laboratory also conducts tests of public and private water supplies, performs screenings for childhood lead poisoning, and examines milk and food suspected of causing disease outbreaks.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$661,911 and ten staff for the bioterrorism surveillance and response system in the Office of Director and the State Public Health Laboratory.
- \$8,598 for the payment of legal expenses in accordance with the consent judgment from a case in the Cole County Circuit Court.
- \$1 federal funds on an open-ended basis to accept federal bioterrorism grants that may become available.
- \$785,798 and 15 staff reallocated from various other appropriations throughout the department to the Office of Director, the Division of Administration, and the State Public Health Laboratory to correctly align staff and expenses with their assigned organization, including \$366,030 general revenue.
- \$410,610 federal funds and ten staff transferred to the Office of Director and the Division of Administration when administrative staff were moved with the Division of Aging transfer from the Department of Social Services.
- (\$25,000,000) healthy families trust fund-health care treatment and access account for one-time expenditures.
- (\$1,299,998) federal funds core reduction of excess appropriation authority from the Fiscal Year 2002 appropriation level.
- (\$691,990) and (10.72) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$256,403) healthy families trust fund-health care treatment and access account core reductions from the Fiscal Year 2002 appropriation level.
- (\$13,824) for one-time expenditures, including (\$9,824) general revenue.

### **CENTER FOR HEALTH INFORMATION MANAGEMENT AND EVALUATION**

The Center for Health Information Management and Evaluation is responsible for collecting, analyzing, and distributing data that promotes better understanding of health problems and needs in the state, as well as health improvements for Missourians. The center collects and reports on births and deaths, disease and injury incidence, and hospital and nursing home information. Copies of birth and death records are issued to Missourians, and consumer guides on hospital costs are published. The Office of Information Systems provides support for the department's statewide data network and computer database applications.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,368,417 federal funds and 7.1 staff for additional federal grants and contracts.
- \$639,525 donated funds and 3.5 staff for additional grants and contracts from non-federal sources.
- \$443,419 federal funds and 6.7 staff transferred in to the Center when computer information staff were moved with the Division of Aging transfer from the Department of Social Services.
- (\$305,407) and (2.4) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$42,780) and (one) staff transferred to the Division of Maternal, Child and Family Health.

### **CENTER FOR LOCAL PUBLIC HEALTH SERVICES**

The Center for Local Public Health Services coordinates the Department of Health and Senior Services' partnership with local public health agencies to improve the health of all Missourians. The center develops tools, policies, and strategies to strengthen public health and assists in professional training and development for public health professionals throughout the state. The center is active in defining the core public health roles and activities and in building the capacity to carry them out at the local level. Some of these activities include inspecting restaurants, monitoring and investigating communicable diseases and environmental health threats, and promoting community health awareness.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$82,440) and (.5) staff in core reductions from the Fiscal Year 2002 appropriation level.

## **DEPARTMENT OF HEALTH AND SENIOR SERVICES**

### **CENTER FOR HEALTH IMPROVEMENT**

The Center for Health Improvement provides technical assistance and resources to communities in an effort to improve the health status of Missouri's citizens. The center works with communities by helping them to assess the health care needs in their area and to determine the resources needed to meet these needs. The center then acts as an advocate and a liaison to federal, state, and local governments and agencies by identifying the resources available at each level for meeting these needs. The Community Health Assistance Resource Team (CHART) Program provides technical assistance to communities to improve health status. Another program to improve health status is the Primary Care Resource Initiative for Missouri (PRIMO) Program that provides incentives to encourage physicians, dentists, and nurses to practice in underserved areas of the state through health profession loan programs, advanced training programs, and professional development opportunities.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$329,403 federal funds and 2.50 staff for the health system development grant that helps communities improve their local health care delivery systems.
- (\$2,708,094) and (1.15) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$2,071,450) other funds and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$1,218,333) federal funds transferred to the Department of Social Services for the Caring Communities Program.

### **MISSOURI HEALTH FACILITIES REVIEW COMMITTEE**

The Missouri Health Facilities Review Committee implements the Certificate of Need Program in Missouri. The purpose of the Certificate of Need Program is health care cost containment through both cost management and the prevention of unnecessary duplication of health care services. This program provides staff assistance and support for the review committee. The committee reviews proposals to develop or offer new institutional health services and issues certificates for those services determined to be needed.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$67,100) and (two) staff in core reductions from the Fiscal Year 2002 appropriation level.

### **DIVISION OF ENVIRONMENTAL HEALTH AND COMMUNICABLE DISEASE PREVENTION**

The Division of Environmental Health and Communicable Disease Prevention provides services that focus on disease prevention and control. The division performs surveillance and epidemiological services for a wide range of communicable and zoonotic diseases and environmental induced conditions. It provides diagnosis and treatment of tuberculosis, HIV/AIDS, and sexually transmitted diseases, and administers the immunization program. The division also prevents and controls disease due to environmental factors through enforcement of community sanitation standards, control of hazardous substances, and assessment of environmental health risks.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$102,944 and two staff for the development of the surveillance and response system.
- \$25,000 Missouri lead abatement loan fund appropriation authority to accommodate donations made to the fund.
- (\$1,021,945) healthy families trust fund-health care treatment and access account in core reductions from the Fiscal Year 2002 appropriation level.
- (\$800,000) federal funds core reductions of excess appropriation authority from the Fiscal Year 2002 appropriation level.
- (\$506,567) and (eight) staff transferred to the Office of Director, including (\$250,164) general revenue.
- (\$66,000) core reductions from the Fiscal Year 2002 appropriation level.
- (\$62,002) healthy families trust fund-health care treatment and access account transferred to the Office of Administration for fringe benefits for staff in the lead screening program.
- (\$36,653) for one-time expenditure reductions, including (\$21,060) general revenue.

## **DEPARTMENT OF HEALTH AND SENIOR SERVICES**

### **DIVISION OF MATERNAL, CHILD AND FAMILY HEALTH**

The Division of Maternal, Child and Family Health provides statewide leadership to the public and private sectors in the design and integration of health delivery systems for women, children, and families in Missouri. The division formulates policy and recommends standards to assure quality of care. The division also conducts need and capacity assessments with community partnerships. It connects localities with school health, family planning, prenatal substance abuse, and special health care needs services. Grants are awarded to childcare providers to assure quality childcare. The division also offers a toll-free telephone number (1-800-TEL-LINK) that refers women and their families to Medicaid, prenatal care, and other services.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$168,372 federal funds and 1.25 staff for a newborn hearing grant.
- \$123,333 blindness education, screening and treatment fund to expand this program for the blind as donations have increased.
- \$42,780 and one staff transferred from the Center for Health Information Management and Evaluation.
- (\$994,130) and (0.5) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$852,950) healthy families trust fund-health care treatment and access account in core reductions from the Fiscal Year 2002 appropriation level.

### **DIVISION OF NUTRITIONAL HEALTH AND SERVICES**

The Division of Nutritional Health and Services provides numerous services statewide that are focused on improving the nutritional intake of all Missourians. This is especially important for children whose physical growth, mental development, and health are so dependent on good nutrition. The division provides food security through the Women, Infants, and Children Supplemental Food Program; the Child and Adult Care Food Program; the Summer Food Program; and the Farmers' Market Nutrition Program. The division also collaborates with other nutrition-based organizations to provide information to child and adult care program providers, teachers, students, and health care professionals. It also provides information and support to food program participants, including pregnant women who want to breastfeed their babies.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$2,495,713 federal funds and two staff for expansion of nutrition services and nutrition education programs for poor women and their families.
- \$485,714 federal and donated funds for expansion of the Farmers' Market Nutrition Program.
- (\$8,000,000) federal funds reduction in excess appropriation authority from the Fiscal Year 2002 appropriation level.
- (\$206,732) and (1.35) staff in core reductions from the Fiscal Year 2002 appropriation level.

### **DIVISION OF HEALTH STANDARDS AND LICENSURE**

The division assures that products or services directly affecting public health meet minimum health safety standards. It licenses and inspects hospitals, nursing home affiliated with hospitals, home health agencies, hospices, ambulance services, ambulatory surgical centers, and childcare facilities. The division also licenses emergency medical technicians, paramedics, and lead abatement professionals and regulates and investigates pharmacists and others who handle controlled substances.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$487,400) healthy families trust fund-health care treatment and access account core reductions from the Fiscal Year 2002 appropriation level.
- (\$358,448) and (four) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$29,882) federal funds for one-time expenditures.

## **DEPARTMENT OF HEALTH AND SENIOR SERVICES**

### **DIVISION OF CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION**

The Division of Chronic Disease Prevention and Health Promotion administers programs to prevent and control chronic diseases such as heart disease, cancer, diabetes, osteoporosis, and arthritis through research, screening, behavioral intervention, and community health education activities. The division develops and coordinates community-based health promotion projects; administers the Tobacco Use Prevention Program that is aimed at reducing tobacco usage; conducts cancer control and prevention activities; coordinates an organ donor registry; provides no-cost mammograms and pap smears to uninsured women; and performs, as part of a national effort, a monthly survey on health behaviors of Missourians.

#### **Fiscal Year 2003 Governor's Recommendations**

- (\$900,000) healthy families trust fund-health care treatment and access account transferred to the Department of Mental Health and the Department of Public Safety for tobacco enforcement activities.
- (\$500,000) federal funds core reduction from the Fiscal Year 2002 appropriation level.
- (\$487,291) and (3.25) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$12,150) federal funds for one-time expenditures.
- (Six) staff transferred to the Director's Office and the Division of Administration.

### **SENIOR SERVICES**

The Division of Senior Services administers programs to ensure that a comprehensive, effective, and coordinated service delivery system is available for Missouri's elderly. Home and community services personnel provide direct care and contracted services to Missouri's elderly. Case management, counseling, information and referral, congregate and home-delivered meals, transportation, and abuse prevention/protection services enable thousands of elderly residents to live dignified, independent lives. Institutional Services programs help to ensure quality care for all citizens in nursing facilities and residential care facilities through on-site inspections of facilities and patient care. When deficiencies are observed, a revisit must be conducted by division inspectors within 55 days. Inspections also are conducted in conjunction with Medicaid and Medicare certification and in response to complaints of abuse, neglect, or substandard care.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$26,432 transferred in from the Department of Social Services, with a corresponding transfer out of (\$26,432) other funds.
- (\$22,462,164) core reduction in community services and grants, which is necessary to balance the budget. Because of the importance of these services to Missourians, the general revenue will be replaced with budget reserve funds in HB 1114. Please see the Budget Reserve Fund section of the Missouri Budget for more information.
- (\$3,374,424) and (13.40) staff in core reductions from the Fiscal Year 2002 appropriation level.
- (\$279,231) and (one) staff in core reallocations to other divisions consistent with the transfer of the Division of Aging from the Department of Social Services, including (\$115,866) general revenue.

### **MISSOURI SENIOR PRESCRIPTION PROGRAM**

In response to the exorbitant cost of medications, the Governor proposed and the General Assembly approved the Missouri Senior Rx Program in the Special Session of 2001. The program will provide prescription assistance to low-income seniors. It is just getting underway with the newly appointed commission meeting to approve plans to contract for certain necessary services such as selecting a third-party administrator, outreach, processing applications, and determining eligibility.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$74,956,458 Missouri Senior Rx fund for payments of prescription drugs for eligible low-income senior citizens.
- \$813,036 Missouri Senior Rx fund and 22 staff to operate this new program for Missouri seniors.

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# DEPARTMENT OF SOCIAL SERVICES

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Office of Director/Administrative Services	\$ 62,586,138	\$ 81,219,501	\$ 92,230,054	\$ 79,724,221
Division of Child Support Enforcement	101,498,769	100,535,214	115,284,655	107,720,137
Division of Family Services	887,216,391	944,629,144	1,030,807,000	909,742,372
Division of Youth Services	61,063,964	61,970,389	74,001,515	63,341,334
Division of Medical Services	3,808,323,348	4,470,420,908	4,913,505,722	4,400,008,920
DEPARTMENTAL TOTAL	\$ 4,920,688,610	\$ 5,658,775,156	\$ 6,225,828,946	\$ 5,560,536,984
General Revenue Fund	1,076,524,476	1,217,257,640 *	1,586,947,834	1,172,013,031
Division of Youth Services - Federal Funds	15,857,687	0	0	0
Federal Reimbursement Allowance Fund	444,417,509	400,644,078	400,622,620	460,622,620
Pharmacy Reimbursement Allowance Fund	0	0	0	55,392,482
Division of Aging - Federal Funds	76,709	0	0	0
Department of Social Services (DSS) - Federal Funds	28,530,665	0	0	0
Title XIX - Federal and Other Funds	2,107,322,036	2,487,189,960	2,816,096,379	2,590,855,704
Federal and Other Funds	1,309,142	575,000	575,000	575,000
Nursing Facility Federal Reimbursement Allowance Fund	183,051,578	165,487,342	165,487,342	172,487,342
Temporary Assistance for Needy Families - Federal Funds	174,086,491	171,972,076	170,722,099	170,722,099
DSS - Federal and Other Funds	481,481,318	567,294,036	598,263,319	558,711,523
Uncompensated Care Fund	270,542,539	94,000,000	94,000,000	94,000,000
Pharmacy Rebates Fund	55,277,791	50,440,449	50,440,449	50,440,449
Third Party Liability Collections Fund	8,010,422	27,232,323	27,192,010	27,191,812
Intergovernmental Transfer Fund	0	298,509,162	155,627,861	61,469,896
Division of Family Services Donations Fund	11,162	135,000	135,000	135,000
Division of Aging Donations Fund	0	1,000	1,000	1,000
Child Support Enforcement Collections Fund	15,487,998	17,666,175	17,942,105	17,275,922
Nursing Facility Quality of Care Fund	145,947	147,374	80,655	80,655
Health Initiatives Fund	14,209,382	18,998,357	19,469,120	19,996,332
Gaming Commission Fund	415,940	500,000	500,000	500,000
DSS Administrative Trust Fund	4,374,339	10,429,332	6,229,332	6,229,332
DSS Educational Improvement Fund	4,359,327	3,852,059	5,442,805	5,372,059
Blind Pension Fund	16,759,475	18,206,612	19,482,372	19,482,372
Tort Victims' Compensation Fund	0	750,000	0	0
Healthy Families Trust Fund-Health Care Treatment and Access Account	0	75,959,100	55,959,100	50,959,100
Healthy Families Trust Fund-Early Childhood Care and Education Account	0	6,506,790	6,506,790	0
Legal Services for Low-Income People Fund	0	0	1,010,830	1,010,830
Early Childhood Development, Education and Care Fund	10,042,693	14,854,291	16,845,424	14,845,424
Premium Fund	261,798	1,000,000	1,082,500	1,000,000
Alternative Care Trust Fund	8,132,186	9,167,000	9,167,000	9,167,000
Full-time equivalent employees	9,138.73	9,628.78	10,525.55	9,264.43

\* Does not include \$96,197,592 recommended in Fiscal Year 2002 Supplemental Appropriations, including \$1,667,592 general revenue. See the Supplemental section of the Missouri Budget for details regarding the Department of Social Services supplemental appropriations.

## **DEPARTMENT OF SOCIAL SERVICES**

### **POLICY SUMMARY**

Governor Holden's Fiscal Year 2003 budget provides a total of \$5.6 billion for the Department of Social Services to provide support for Missouri's most vulnerable populations.

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Governor Holden's social services budget for Fiscal Year 2003 mirrors a problem all states are currently grappling with, the high cost of health care. According to the Centers for Medicare and Medicaid Services (CMS), health care spending in the United States rose to \$1.3 trillion in 2000, a 6.9 percent increase over the previous year. This increase was the highest annual increase recorded since 1993, when spending rose by 7.3 percent, and is the fastest acceleration of spending in 12 years. In Fiscal Year 2000, nationwide Medicaid spending totaled approximately \$207 billion in state, local, and federal funds. In Missouri, Fiscal Year 2001 Medicaid spending totaled \$3.8 billion. Medicaid expenditures continue to grow due to a number of factors, including increased prescription drug costs, medical inflation, expansion of community-based long-term care programs, and increased enrollment. In Missouri, an ever-increasing portion of the statewide and Department of Social Services' budgets are focused on providing health care services. As health care costs continue to consume a more substantial portion of the state's social services budget, traditional public assistance programs occupy a smaller portion of the department's budget by comparison. This year's budget reflects trends occurring nationally, as health care, hospital, and pharmaceutical costs spiral out of control and states struggle for solutions to slow Medicaid costs.

### **COST CONTROLS**

Because of the crisis Missouri is currently experiencing associated with stagnant revenues and rising health care costs, the Governor's budget includes numerous cost containment measures to curtail escalating Medicaid expenditures. These efforts, coupled with maximization of funds other than general revenue, allow for a five-percent net decline in general revenue in the Medicaid budget. Even with the implementation of these cost containment efforts in the state's Medicaid Program, Governor Holden continues to be strongly committed to ensuring that children continue to receive access to vital health care coverage through the Medicaid Program. No child will lose health insurance coverage as a result of these cost control efforts. The cost control efforts include:

Increasing the level of disability required for eligibility for in-home and nursing home services. By increasing the disability level, Missouri will focus in-home and nursing home services toward those Missourians who most need the care, thus enabling the state to continue long-term funding of Medicaid services. Estimated savings: \$27.1 million.

Pharmacy cost containment proposals, including prior authorization of all new drugs. According to CMS, rapidly increasing drug spending accounted for more than a quarter of the total growth in personal health care spending between 1999 and 2000. In addition to the aging of the population, the introduction of new therapies for chronic conditions has gradually added to the average number of prescriptions purchased. Retail prescriptions per capita have increased to 10.5 per person in 2000, from 8.3 in 1995. Prior authorization of all new drugs purchased through the Medicaid Program will ensure that new drugs have actual health benefits for Medicaid recipients in the state. In addition, Medicaid will cease reimbursement for over-the-counter drugs, allowing Medicaid to more closely mirror the health care benefits enjoyed by most Missourians. Estimated savings for all pharmacy cost containment proposals: \$50.4 million.

Eliminating or modifying optional Medicaid services for adults. Although Missouri has opted to cover dental and optical services for adults in the Medicaid system in the past, in order to ensure the solvency of the Medicaid system, it has become necessary to end coverage provided for these optional Medicaid services. Estimated savings: \$16 million.

Instituting policy changes in the Medicaid Spend-down Program. Spend-down allows eligible Missouri residents to spend-down their income in order to qualify for Medicaid benefits. Currently, the program allows participants to incur, not pay, expenses in order to qualify for the Spend-down Program. By instituting a policy change that requires recipients to actually pay these costs, the state will continue to be able to provide this needed service to eligible recipients. Estimated savings: \$20.6 million

## DEPARTMENT OF SOCIAL SERVICES

### POLICY SUMMARY (Continued)

In order to address caseload growth and inflationary increases for health care services, the Governor's Fiscal Year 2003 budget includes:

- \$132.6 million for the additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures.
- \$117.8 million for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, and other anticipated increases.
- \$94.6 million for anticipated caseload increases in Medicaid programs.
- \$63 million for one-time start-up grants to increase efficiency and quality of care in nursing homes.
- \$60.4 million to increase dispensing fees paid to pharmacists.
- \$43.9 million for the remaining months of the Fiscal Year 2002 managed care trend factor.
- \$40.6 million to replace one-time intergovernmental transfer funding in various Medicaid programs.
- \$35.1 million to provide a trend factor for managed care of 12.3 percent in the eastern and central regions and a 5.5 percent blended rate in the western region.
- \$5.2 million to compensate for anticipated increases in Medicare Part A & B premiums.
- \$1 million to fund targeted case management services for the elderly.

Some performance measures the Department of Social Services uses to evaluate the health care services provided to Medicaid recipients follow:

	FY 1998	FY 1999	FY 2000
Percentage of low-income children with health care coverage	81.54%	84.51%	87.84%
Percentage of low-income adults with health care coverage	78.40%	81.16%	82.84%
Percentage of pregnant women in Medicaid who receive adequate prenatal care	78.25%	79.0%	82.30%
Percentage of Medicaid-eligible children under 21 who receive appropriate preventative health care screenings	47.0%	49.0%	52.0%

**DEPARTMENT OF SOCIAL SERVICES  
DEPARTMENTAL ADMINISTRATION**

**ADMINISTRATIVE SERVICES**

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance prepares the department's budget requests, financial reports, and all fiscal notes. Other responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services that support the operations of the department, including working with the Office of Administration to negotiate leases of rental property and all communications systems, providing necessary minor office renovations, operating a copy center, coordinating the inventory and distribution of office equipment and furniture, and processing requests for lease or purchase of equipment and services.

The Division of Legal Services is responsible for providing legal services for all of the divisions within the department, providing due process hearings for recipient appeals, investigating fraud and abuse of public assistance programs, conducting background investigations on department employees prior to employment, designing and obtaining management reports on fraud collections, and ensuring compliance with United States Department of Agriculture and United States Department of Health and Human Services' requirements relating to discrimination complaints.

The Division of Data Processing is responsible for the development, maintenance, and operation of the department's data processing system. The division processes data on recipients and vendors, prints checks and vendor payments, and provides management reports to other divisions in the department.

**Fiscal Year 2003 Governor's Recommendations**

- \$260,830 other funds cost-to-continue the Fiscal Year 2002 supplemental appropriations for legal service grants to communities.
- \$4,077,815 federal and other funds transferred from Missouri Automated Child Support System (MACSS) to the Information Services and Technology Division (ISTD) for ongoing maintenance of the MACSS system.
- \$1,736,049 transferred from the Nursing Facility core to various supports divisions, with an offsetting transfer back of (\$1,736,049) other funds.
- \$1,270,871 federal and other funds and 17 staff transferred to the Division of Legal Services from the Division of Family Services (DFS) Administration for permanency planning activities.
- \$86,350 and two staff transferred from the Division of Medical Services to the Division of Budget and Finance, including \$43,175 general revenue.
- (\$4,200,000) other funds core reduction in the Division of General Services to bring appropriation authority in line with spending.
- (\$2,218,548) and (46.55) staff in administrative expenses core reduction.
- (\$2,215,000) transferred from ISTD to cash assistance payments, with an offsetting transfer back of \$2,215,000 federal funds.
- (\$772,598) federal and other funds and (14) staff transferred from various supports divisions to the Department of Health and Senior Services.

**DEPARTMENT OF SOCIAL SERVICES  
OFFICE OF THE DIRECTOR**

**DIVISION OF CHILD SUPPORT ENFORCEMENT**

Administration - Missouri's Division of Child Support Enforcement (DCSE) locates missing parents; helps establish paternity, medical support, and financial child support obligations; and collects and disburses support payments both for Temporary Assistance for Needy Families (TANF) and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases. The division also supports development of MACSS as required by the Family Support Act of 1988.

Parents Fair Share - This program provides work search assistance, education, and training services to non-custodial parents to increase their earning potential and ensure the payment of their child support obligations. This program was transferred from DFS to allow utilization of DCSE's expertise in assisting families who are no longer intact.

Privatization - This program supports contracts with private agencies to collect child support payments. The contractor is paid on a contingency basis.

Local Agreements - This funding supports contractual agreements with local governments to assist the division with paternity cases. Agreements also exist to assist the division with all types of child support referrals through the establishment of multi-county full service centers.

Reimbursement to Counties - This program provides reimbursement to counties that have signed a cooperative agreement with DCSE. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

Federal Reimbursement/Local Incentives - This appropriation provides a mechanism for disbursing the federal and local share of TANF child support collections received by DCSE.

State Tax Refund Distribution - This appropriation provides a mechanism for reimbursing absent parents for child support payments over-collected from garnisheed state tax returns.

**Fiscal Year 2003 Governor's Recommendations**

- \$12,700,000 federal funds to pass through child support to families, pay federal child support incentives due to counties, and return erroneously intercepted federal tax refunds.
- (\$4,077,815) federal and other funds transferred from MACSS to ISTD for ongoing maintenance of the MACSS system.
- (\$1,320,231) and (14.57) staff in administrative expenses core reduction, including (\$929,978) general revenue.
- (\$117,031) federal funds for one-time expenditures.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES**

**ADMINISTRATIVE AND STAFF SERVICES**

Administrative Services provides management, coordination, and general direction to all DFS programs. The division director and staff monitor the efficiency and effectiveness of Income Maintenance and Children's Services programs, develop the division's five-year plan, train supervisory and line staff, monitor contracts, review federal regulations, develop state regulations, and coordinate all fiscal reporting tasks for the division.

Staff Services conducts day-to-day operations of all Income Maintenance and Children's Services programs administered by DFS. Funds in these sections support income maintenance and social service workers, administrative and supervisory staff, and clerical support positions in DFS county offices.

**Fiscal Year 2003 Governor's Recommendations**

- \$5,806,650 to procure a new contract for the Electronic Benefits Transfer Program, including \$3,671,731 general revenue.
- \$1,000,000 for systems modifications related to a change in the administration of the Medicaid Spend-down Program, including \$500,000 general revenue.
- \$166,545 transferred from the Nursing Facility core to various DFS administrative appropriations, with an offsetting transfer back of (\$166,545) other funds.
- \$52,572 other funds and one staff transferred to DFS Administration from the Childcare Program.
- (\$5,779,080) federal funds and (171.38) staff in core reduction in the Field and Line Staff sections due to federal budget cuts in the Social Services Block Grant.
- (\$5,435,775) federal and other funds for one-time expenditures.
- (\$4,354,655) and (110.65) staff and associated administrative expenses core reduction.
- (\$2,025,000) transferred to TANF cash assistance from DFS administration and field staff, with an offsetting transfer back of \$2,025,000 federal funds.
- (\$1,270,871) federal and other funds and (17) staff transferred to the Division of Legal Services for permanency planning activities.

**INCOME MAINTENANCE**

Direct Client Support and Community Initiatives (formerly FUTURES Services) - Missouri operates the federal Job Opportunity and Basic Skills (JOBS) Program through its Direct Client Support Program. TANF recipients participate in the Direct Client Support Program to achieve self sufficiency through employment. This program provides supportive services that enable TANF recipients to obtain and retain employment. DFS also partners with local communities in innovative initiatives to prevent welfare dependence and help individuals transition off of welfare.

Food Stamp Employment and Training Program - Under federal law, Missouri is required to operate an employment and training program for food stamp recipients. This program is the Missouri Employment and Training Program which provides food stamp recipients with an opportunity to become employed and self sufficient through participation in program components.

Purchase of Childcare - A key to successful welfare reform is access to affordable childcare. Without childcare assistance, many parents could not participate in job training, education, or maintain employment which would allow them to become self sufficient and end their dependence on government assistance. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the early childhood education fund to support programs that prepare pre-kindergarten children to enter school ready to learn. The Educare Program is another important piece of the Childcare Program. It works within communities to increase a child's educational opportunities through enhanced services offered to providers and families to ensure that children will be ready to learn when they enter school.

Temporary Assistance for Needy Families (formerly Aid to Families With Dependent Children) – TANF is a program designed to provide assistance to families so parents are not dependent on welfare payments and children do not grow up in poverty. Under federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment, thereby enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Adult Supplementation - The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES**

**INCOME MAINTENANCE (Continued)**

Grandparents as Foster Parents - Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes. Grandparents as Foster Parents was established to provide payments to grandparents who have either legal guardianship or legal custody of their minor grandchildren.

Nursing Care - This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

Blind Pension and Supplemental Aid to the Blind - Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind who do not qualify for Supplemental Aid to the Blind and who do not own property -- excluding homes -- worth more than \$20,000. Currently, both programs provide a maximum monthly grant of \$398 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guidelines also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the blind pension fund.

Community Services Block Grant (CSBG), Emergency Shelter Grants, Homeless Funding, and Refugee Assistance - CSBG funds are used to strike at six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Surplus Food Distribution - The federally-funded Surplus Food Distribution Program enables DFS to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance - The Low-Income Home Energy Assistance Program (LIHEAP) is a federally-funded block grant which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

**Fiscal Year 2003 Governor's Recommendations**

- \$875,760 other funds to increase Blind Pension payments.
- \$400,000 other funds cost-to-continue the Fiscal Year 2002 supplemental in the Blind Pension Program.
- \$7,843,443 and 8.67 staff reallocated to Community Partnerships from Caring Communities, including \$1,165,538 general revenue.
- \$5,000,000 core reallocated from various appropriations to TANF cash assistance, with an offsetting reallocation of (\$5,000,000) federal funds.
- \$1,938,025 and 1.71 staff transferred into Community Partnerships from the Department of Mental Health, including \$83,442 general revenue.
- \$1,218,333 federal funds transferred into Community Partnerships from the Department of Health and Senior Services.
- \$1,158,333 federal funds transferred into Community Partnerships from the Department of Elementary and Secondary Education.
- \$2,215 core reallocated to various Income Maintenance programs from the Nursing Facility core, with an offsetting reallocation of (\$2,215) other funds.
- (\$6,506,790) other funds core reduction in Early Childhood programs.
- (\$6,290,000) core reduction in the General Relief Program, including (\$5,550,000) general revenue.
- (\$4,145,979) other funds core reduction in the Community Initiatives appropriation due to funding with one-time intergovernmental transfer funds.
- (\$3,859,154) federal funds reduction in excess authority in the Community Partnership Program.
- (\$2,597,825) federal funds transferred from the Community Partnership Program to the Children's Program Pool.
- (\$2,402,175) core reduction in TANF cash assistance payments.
- (\$1,500,000) federal funds core reduction in the Food Stamp Wage Supplement Program.
- (\$760,000) reallocated from Direct Client Support to TANF cash assistance, with an offsetting reallocation of \$760,000 federal funds.
- (\$248,980) core reduction in Community Partnership programs.
- (\$65,000) core reduction in the Adult Supplementation Program due to caseload decline.
- (\$52,572) other funds and (one) staff transferred from the Childcare Program to DFS Administration.
- (\$8,867) other funds for one-time expenditures.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES**

**INCOME MAINTENANCE (Continued)**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Average Number of Children Receiving Childcare Per Month	45,939	46,000	46,000
Number of Families Receiving TANF (Annually)	48,775	48,775	48,775
Average Monthly Payment Per Household	\$244	\$243	\$243
Average Length of Time on TANF (Months)	35	35	35
Direct Client Support	\$ 13,377,152	\$ 14,128,085	\$ 14,128,085
Boothel Project 6 County	0	1,800,000	0
Community Initiatives	18,789,998	8,779,778	0
Grace Hill	0	200,000	0
Lindbergh Family Center	0	300,000	0
Community Partnerships	0	0	9,983,799
Food Stamp Training	3,437,464	7,182,000	7,182,000
Purchase of Childcare	150,798,250	184,997,403	178,429,174
Temporary Assistance for Needy Families (TANF)	141,744,412	145,000,000	147,402,175
Grandparent Foster Care	8,041,668	12,684,205	10,282,030
Food Stamp Wage Supplement	70,430	1,500,000	0
Adult Supplementation	288,394	315,000	250,000
Supplemental Nursing Care	24,853,669	25,538,684	25,538,684
General Relief	6,885,720	6,290,000	0
Supplemental Security Income	3,256,933	4,000,000	4,000,000
Blind Pension/Supplemental Aid to the Blind	16,009,606	17,167,588	18,443,348
Refugee Assistance	3,298,263	3,812,553	3,812,553
Community Services Block Grant	13,324,190	15,603,980	15,603,980
Homeless Challenge Grant	400,185	500,000	500,000
Emergency Shelter Grants	1,108,624	1,340,000	1,340,000
Food Distribution Programs	690,162	1,000,000	1,000,000
Energy Assistance	55,788,788	32,794,695	31,794,695
Utilicare Transfer	0	0	1,000,000
TOTAL	\$ 462,163,908	\$ 484,933,971	\$ 470,690,523
General Revenue Fund	127,109,656	133,840,036	131,065,076
Department of Social Services - Federal Funds	309,001,953	308,417,072	306,389,247
Other Funds	26,052,299	42,676,863	33,236,200



**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES**

**SERVICES FOR THE BLIND**

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the blind find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

**Fiscal Year 2003 Governor's Recommendations**

- \$50,000 federal funds for the Employment Training Program for Rehabilitation Services for the Blind staff to enable them to locate new employment opportunities for blind consumers.
- \$22,675 core reallocated to programs for the blind from the Nursing Facility core, with an offsetting reallocation of (\$22,675) other funds.
- (\$271,820) and (8.02) staff in administrative expenses core reduction.

**CHILDREN'S PROGRAMS**

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services - This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, childcare, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, and Adoption Subsidy - This program provides monthly room and board payments for children in the custody and care of DFS. Current room and board rates for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including SSI and child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child. The Adoption Subsidy Program provides financial assistance to parents who adopt special needs children.

Children's Programs Pool - In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a Children's Programs Pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas.

Residential Treatment, Independent Living, and IV-E Court Contracts - Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large self-contained resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. IV-E Court Contracts allow DFS to pass through federal funds to be used for reimbursement to counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

Psychiatric Diversion - This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Domestic Violence - This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

**Fiscal Year 2003 Governor's Recommendations**

- \$240,119 federal funds for the Domestic Violence Program.
- \$2,456 core reallocated to various children's programs from the Nursing Facility core, with an offsetting reallocation of (\$2,456) other funds.
- (\$7,843,443) and (8.67) staff core reallocated from the Caring Communities Program to Community Partnerships, including (\$1,165,538) general revenue.
- (\$2,597,825) core reduction in the Children's Programs Pool, with a corresponding \$2,597,825 increase in federal funds.
- (\$1,428,571) core reduction in add-on payments to foster parents, including (\$1,000,000) general revenue.
- (\$1,408,450) core reduction in add-on payments to adoptive parents, including (\$1,000,000) general revenue.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES**

**CHILDREN'S PROGRAMS (Continued)**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Individuals Served Through Children's Treatment Services (Average Per Month)	1,166	1,200	1,200
Families Served Through Family Reunification	264	300	300
Families Receiving Intensive In-Home Services	1,582	1,600	1,600
Children Moving from Foster Care to Permanent Placements	6,864	6,900	6,900
Number of Adoptions Finalized	1,196	1,250	1,250
Average Length of Time in Care Prior to Adoption (Months)	34.7	34.0	34.0
Children in Residential Treatment Centers (Average Per Month)	2,098	2,094	2,094
Children in Transitional/Independent Living (Annually)	2,334	3,000	3,000
Number of Children Receiving Psychiatric Diversion Services	2,152	1,900	1,900
Children's Treatment Services	\$ 13,509,927	\$ 13,816,047	\$ 13,816,047
Foster Care	39,827,769	39,851,174	38,422,603
Adoption Subsidy	42,204,432	47,789,786	46,381,336
Independent Living	4,261,184	5,173,228	5,173,228
Children's Programs Pool	11,305,585	19,152,179	19,152,179
Child Assessment Centers	2,023,730	2,250,000	2,250,000
Residential Treatment Services	67,260,432	69,727,146	69,727,146
Psychiatric Diversion	16,356,830	16,252,651	16,252,651
Caring Communities	8,107,133	7,843,443	0
IV-E Court Contracts	297,375	700,000	700,000
Domestic Violence	3,814,830	5,147,534	5,387,653
Child Abuse and Neglect Grant	503,477	1,000,000	1,000,000
Children's Account	8,132,186	9,000,000	9,000,000
<b>TOTAL</b>	<b>\$ 217,604,890</b>	<b>\$ 237,703,188</b>	<b>\$ 227,262,843</b>
General Revenue Fund	123,133,732	127,796,472	122,035,565
Temporary Assistance for Needy Families - Federal Funds	2,817,812	3,989,803	2,939,803
Department of Social Services - Federal and Other Funds	83,521,160	96,914,457	93,287,475
Intergovernmental Transfer Fund	0	2,456	0
Alternative Care Trust Fund	8,132,186	9,000,000	9,000,000

## **DEPARTMENT OF SOCIAL SERVICES**

### **DIVISION OF YOUTH SERVICES**

The Division of Youth Services (DYS) is divided into three functional areas: management and development, residential services, and alternative services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has six secure facilities: Northwest Regional Youth Center in Jackson County; Hogan Street Youth Center in St. Louis City; Fulton Treatment Center in Callaway County; Mount Vernon Treatment Center in Lawrence County; Hillsboro Treatment Center in Jefferson County; and St. Joseph Treatment Center in Buchanan County. The division also operates 17 moderately secure facilities and 6 community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Primary care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their facility. Day Treatment programs provide intensive treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

### **Fiscal Year 2003 Governor's Recommendations**

- \$1,520,000 other funds in one-time funding to replace 38 vans used to transport youth in DYS custody.
- \$47,000 to implement an employee tuberculosis screening system.
- \$110,902 core reallocated to various DYS programs from the Nursing Facility core, with an offsetting reallocation of (\$110,902) other funds.
- (\$196,055) and (3.89) staff in administrative expenses core reduction.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**FINANCIAL SUMMARY**

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Administrative Services	\$ 48,317,343	\$ 69,477,638	\$ 53,215,593
Medicaid Vendor Payments and Managed Care	3,732,906,005	4,371,261,275	4,324,418,920
State Medical	27,100,000	29,681,995	22,374,407
<b>DIVISIONAL TOTAL</b>	<b>\$ 3,808,323,348</b>	<b>\$ 4,470,420,908</b>	<b>\$ 4,400,008,920</b>
General Revenue Fund	689,698,411	814,515,273	783,719,510
Federal Funds	2,771,318,814	3,101,979,853	3,313,218,098
Uncompensated Care Fund	270,542,539	94,000,000	94,000,000
Pharmacy Rebates Fund	55,277,791	50,440,449	50,440,449
Third Party Liability Collections Fund	7,797,401	26,041,881	26,041,881
Intergovernmental Transfer Fund	0	288,322,341	61,469,896
Nursing Facility Quality of Care Fund	79,567	80,655	80,655
Health Initiatives Fund	13,347,027	18,081,356	19,079,331
Healthy Families Trust Fund-Health Care Treatment and Access Account	0	75,959,100	50,959,100
Premium Fund	261,798	1,000,000	1,000,000

**ADMINISTRATIVE SERVICES**

Medical Services staff oversees the operation of the Medicaid and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, and third party liability collections.

**Fiscal Year 2003 Governor's Recommendations**

- \$338,139 and five staff for State Children's Health Insurance Program (SCHIP) premium collections as required in SB 236 (2001), including \$169,070 general revenue.
- \$10,131 for attorney's fees and costs awarded to the Missouri Pharmaceutical Association.
- \$874,166 core reallocated to Medicaid Administration from the Nursing Facility core with an offsetting reallocation of (\$874,166) other funds.
- (\$15,721,706) for one-time expenditures, including (\$107,290) general revenue.
- (\$720,828) core reduction in MC+ premium collections, including (\$360,414) general revenue.
- (\$86,350) and (two) staff core reallocated to the Division of Budget and Finance, including (\$43,175) general revenue.
- (\$81,431) federal funds and (two) staff transferred from Medicaid Administration to the Department of Health and Senior Services.

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE**

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, laboratory, skilled nursing home care, home health care, and family planning services. Other allowable optional services in Missouri's Medicaid Program are prescription drugs, clinic services, ambulance, adult daycare, personal care services, homemaker and chore services, durable medical equipment, psychiatric services, rehabilitation services, long-term care, hospice, dental, and case management. The program also pays for Medicare premiums for eligible individuals.

The 1115 Waiver is a federal-state effort to pay for health care of uninsured children up to 300 percent of poverty and uninsured working parents up to 100 percent of poverty. All adults receiving Medicaid as a result of this waiver will receive a commercial package of services equivalent to that offered to State of Missouri employees. Children will receive a package equal to Medicaid coverage without non-emergency transportation.

The State Medical Program allows child welfare services and Blind Pension recipients who are not eligible for the federal Medicaid Program to receive necessary non-institutional, nursing facility, and hospital medical care.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)**

**MEDICAID EXPENDITURES  
SELECTED SERVICES AND ANNUAL TOTALS**

	FY 2001	FY 2002	FY 2003
Pharmacy	\$ 602,259,813	\$ 744,807,368	\$ 855,448,414
Physician	156,029,870	235,410,017	295,331,815
Dental	11,846,089	18,537,187	13,302,535
Home- and Community-Based Services	185,178,956	259,399,439	228,392,821
Nursing Homes	416,834,468	573,303,433	496,489,896
Rehabilitation and Specialty Services	71,835,349	87,162,800	116,757,228
Managed Care	435,737,545	486,260,622	673,296,296
Hospital Care	374,411,810	519,062,204	548,448,739
Medicaid Supplemental Pool	533,644,267	438,431,815	244,473,850
FRA, NFFRA, and UCC	473,256,826	478,487,343	478,487,343
Children's Health Insurance Program	62,967,752	105,706,329	101,188,480
Mental Health Services	168,974,326	194,550,801	194,543,744
Other Medicaid	239,928,934	230,141,917	78,257,759
<b>Grand Total</b>	<b>\$ 3,732,906,005</b>	<b>\$ 4,371,261,275</b>	<b>\$ 4,324,418,920</b>

	FY 2001	FY 2002	FY 2003
Percentage of low-income Missourians participating in Medicaid	86.00%	87.00%	87.50%
Average number of Fee-for-Service eligibles*	399,436	403,430	407,464
Average monthly cost per eligible for Fee-for-Service*	\$660.36	\$679.56	\$698.76
Average number of eligibles enrolled in Managed Care*	250,550	254,817	285,122
Average monthly cost per eligible for Managed Care*	\$123.62	\$130.01	\$127.60
Number of children receiving health care through 1115 Waiver	73,494	91,301	91,301
Average monthly cost per child in the 1115 Waiver	\$117.97	\$122.69	\$127.72
Number of total Early Childhood screenings	182,841	188,326	193,976

\*Excludes 1115 Waiver

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES**

**MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)**

**Fiscal Year 2003 Governor's Recommendations**

- \$132,621,421 for the additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$48,374,554 general revenue.
- \$117,811,791 for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, including \$14,092,832 general revenue.
- \$94,600,744 for anticipated caseload increases in Medicaid programs, including \$36,479,036 general revenue.
- \$63,000,000 federal and other funds for one-time start-up grants to increase efficiency and quality of care in nursing homes.
- \$60,435,000 other funds to increase dispensing fees paid to pharmacists.
- \$60,000,000 federal and other funds to backfill the general revenue core reduction in the managed care and hospital cores.
- \$43,948,591 for the remaining months of the Fiscal Year 2002 managed care trend factor, including 16,510,550 general revenue.
- \$40,576,323 to replace one-time intergovernmental transfer funding in various Medicaid programs, including \$23,826,323 general revenue.
- \$35,094,666 to provide a trend factor for managed care of 12.3 percent in the eastern and central regions and a 5.5 percent blended rate in the western region, including \$13,119,557 general revenue.
- \$27,000,000 other funds in the Nursing Facility core to backfill core reductions taken to balance the budget.
- \$7,444,575 for an adjustment to address the change in the federal participation percentage, including \$338,961 general revenue.
- \$5,229,750 to compensate for anticipated increases in Medicare Part A & B premiums, including \$2,016,942 general revenue.
- \$1,032,581 federal funds to fund targeted case management services for the elderly.
- \$486,028 core transferred to the Pharmacy Program from the Department of Mental Health.
- (\$193,957,965) other funds core reduction in the Medicaid Supplemental Pool.
- (\$133,000,000) federal and other funds core reduction in one-time efficiency grants to nursing homes.
- (\$58,508,333) core reduction in pharmacy for savings associated with the cost containment efforts implemented in Fiscal Year 2002, including (\$22,707,084) general revenue.
- (\$51,348,000) other funds core reduction for one-time safety net payments to hospitals.
- (\$50,428,503) core reduction due to implementation of cost containment initiatives in the Medicaid Program, including (\$19,579,801) general revenue.
- (\$40,576,323) other funds core reduction in various Medicaid programs due to one-time intergovernmental transfer funding.
- (\$35,497,520) core reduction in managed care due to cost containment efforts.
- (\$27,054,883) core reduction from refocusing the state's limited resources on seniors and the disabled with the most severe needs, including (\$10,500,000) general revenue.
- (\$27,000,000) core reduction in the Nursing Facility core to balance the budget.
- (\$24,502,480) core reduction in hospital payments due to cost containment efforts.
- (\$20,613,244) core reduction due to a change in Medicaid Spend-down Program policy, including (\$8,000,000) general revenue.
- (\$18,809,585) core reduction to reduce payments for physician's services, for clients who are both Medicare and Medicaid eligible, to the level paid for all other Medicaid services, including (\$7,300,000) general revenue.
- (\$12,800,000) core reduction in 1115 Waiver to reflect actual spending, including (\$5,000,000) general revenue.
- (\$11,852,615) core reduction to modify services provided through optional adult dental services in Medicaid, including (\$4,600,000) general revenue.
- (\$7,729,966) core reduction to modify reimbursement for Medicaid Rehabilitation services and durable medical equipment, including (\$3,000,000) general revenue.
- (\$7,444,575) core reduction due to changes in the federal participation rates, including (\$7,105,614) general revenue.
- (\$6,859,680) other funds core reduction in nursing homes due to increases in patient surpluses.
- (\$5,000,000) other funds core reduction necessary to balance the budget.
- (\$2,915,008) core reduction in the Nursing Facility core with a corresponding increase of \$2,915,008 other funds.
- (\$2,145,993) core reduction in physicians' payments to reflect a change in federal reimbursement policy, including (\$600,000) general revenue.
- (\$725,000) core reduction in pharmacy payments for children due to inclusion of these costs in the new contract, including (\$282,388) general revenue.
- (\$550,000) core reduction in the SCHIP with a corresponding increase of \$550,000 other funds.
- (\$262,103) core reduction in non-mandatory Medicaid services, including (\$102,062) general revenue.
- (\$26,432) transferred to the Department of Health and Senior Services, with a corresponding increase of \$26,432 other funds.
- (\$7,057) transferred to the Department of Mental Health.

DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES

STATE MEDICAL

	FY 2001	FY 2002	FY 2003
Caseload average for Child Welfare Services	815	502	649
Caseload average for Blind Pension	2,729	2,798	2,880
Caseload average for the Division of Youth Services	579	614	654

Fiscal Year 2003 Governor's Recommendations

- \$1,390,200 cost-to-continue the Fiscal Year 2002 Medicaid Supplemental Pool.
- \$1,302,212 to address the rising cost of pharmacy ingredients.
- (\$10,000,000) core reduction in General Relief State Medical due to the elimination of the General Relief Program.

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# ELECTED OFFICIALS

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Office of the Chief Executive	\$ 2,197,935	\$ 2,454,627	\$ 2,454,628
Lieutenant Governor	384,229	419,577	419,577
Secretary of State	25,883,996	26,710,578	27,775,333
State Auditor	7,964,818	9,198,730	9,178,750
State Treasurer	15,039,087	7,482,473	20,493,774
Attorney General	18,091,788	22,287,023	24,057,773
<b>TOTAL</b>	<b>\$ 69,561,853</b>	<b>\$ 68,553,008 *</b>	<b>\$ 84,379,835</b>
General Revenue Fund	45,530,594	45,659,524	47,326,468
Federal Funds	3,660,740	6,731,230	6,721,456
Statutory County Recorders' Fund	0	0	1
Treasurer's Information Fund	439	8,000	8,000
Secretary of State's Technology Trust Fund Account	2,060,242	2,500,396	3,000,396
Gaming Commission Fund	133,154	207,196	207,196
Central Check Mailing Service Revolving Fund	174,853	225,000	225,000
Natural Resources Protection Fund - Air Pollution Permit Fee Subaccount	35,960	36,657	36,657
Solid Waste Management Fund	36,957	37,157	37,157
Local Records Preservation Fund	1,440,809	1,897,696	1,897,696
Petroleum Storage Tank Insurance Fund	20,753	21,930	21,930
Motor Vehicle Commission Fund	0	44,692	44,692
Health Spa Regulatory Fund	0	5,000	5,000
Natural Resources Protection Fund - Water Pollution Permit Fee Subaccount	36,357	36,645	36,645
Attorney General's Court Costs Fund	149,701	187,000	187,000
Conservation Commission Fund	39,920	40,143	40,143
Parks Sales Tax Fund	18,639	18,745	18,745
Soil and Water Sales Tax Fund	30,760	30,966	30,966
Merchandising Practices Revolving Fund	1,201,042	1,325,019	2,555,019
State Highways and Transportation Department Fund	1,030,007	1,114,941	1,047,311
Petition Audit Revolving Trust Fund	149,995	617,272	617,272
Workers' Compensation Fund	360,565	454,271	454,271
Second Injury Fund	1,975,154	2,042,068	2,103,543
Lottery Enterprise Fund	47,667	48,383	48,383
Hazardous Waste Fund	36,152	36,645	36,645
Safe Drinking Water Fund	12,867	12,922	12,922
Missouri Office of Prosecution Services Fund	163,509	256,296	256,296
Hazardous Waste Remedial Fund	224,773	226,694	226,694
Inmate Incarceration Reimbursement Act Revolving Fund	23,107	33,605	33,605
Secretary of State Investor Education Fund	0	0	284,922
State Document Preservation Fund	0	154,385	149,975
Missouri Office of Prosecution Services Revolving Fund	78,999	80,000	150,000
Abandoned Fund Account	10,687,900	4,129,701	16,225,000
Mined Land Reclamation Fund	12,854	12,907	12,907
Secretary of State Wolfner State Library Fund	9,809	35,000	35,000
Secretary of State Institution Gift Trust Fund	177,575	284,922	284,922

\* Does not include \$1,230,001 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding elected official supplemental appropriations.



# OFFICE OF THE CHIEF EXECUTIVE

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Governor's Office and Mansion	\$ 2,029,808	\$ 2,203,875	\$ 2,198,475
National Guard Emergency	19,697	1	1
Homeland Security Federal Grants	0	0	1
Association Dues	139,450	144,750	150,150
Special Audits	8,980	100,000	100,000
Governor's Mansion Preservation Advisory Commission	0	6,000	6,000
Governmental Emergency Fund	0	1	1
<b>TOTAL</b>	<b>\$ 2,197,935</b>	<b>\$ 2,454,627 *</b>	<b>\$ 2,454,628</b>
Personal Service	1,651,089	1,818,475	1,818,475
Expense and Equipment	546,846	636,150	636,151
Program Specific Distribution	0	2	2
<b>TOTAL</b>	<b>\$ 2,197,935</b>	<b>\$ 2,454,627</b>	<b>\$ 2,454,628</b>
General Revenue Fund	2,197,935	2,454,627	2,454,627
Federal Funds	0	0	1
<b>Full-time equivalent employees</b>	<b>31.69</b>	<b>43.30</b>	<b>43.30</b>

\* Does not include \$1 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Governor's Office supplemental appropriations.

### GOVERNOR'S OFFICE AND MANSION

Article IV, Section 1 of the Missouri Constitution describes the duties and responsibilities of the Governor. This program includes the statutory salary of the Governor, funds for personnel in the Governor's offices and the mansion, and the expense and equipment costs for the offices and mansion.

#### Fiscal Year 2003 Governor's Recommendations

- (\$5,400) transferred to association dues to fund a dues increase through existing resources.

### NATIONAL GUARD EMERGENCY/HOMELAND SECURITY

The Missouri National Guard, when called to active duty by the Governor under Section 41.480, RSMo, has the authority to restore law and order and to assist in the disaster relief of any section of the state where circumstances exceed the resources of local civil authorities. The most common use of the guard has been for cleanup and security following natural disasters such as a flood or tornado, and public action during a time of local disorder. The Governor also seeks appropriation authority to accept federal funds to counter terrorist threats to state security.

#### Fiscal Year 2003 Governor's Recommendations

- \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.

**ELECTED OFFICIALS  
OFFICE OF THE CHIEF EXECUTIVE**

**ASSOCIATION DUES**

The National Governors' Association is an instrument of the governors of the 50 states. It is intended to influence the development and implementation of national policy and apply creative leadership to state problems. The association works closely with the President and the Congress on state-federal policy issues from its offices in the Hall of the States in Washington, D.C. Through its Center for Policy Research, the association also serves as a vehicle for sharing knowledge of innovative programs among states and provides technical assistance to governors.

The Southern Governors' Association provides a forum of cooperation among governors of southern states to work together and with the federal government to meet the unique needs of the states in the region.

**Fiscal Year 2003 Governor's Recommendations**

- \$5,400 transferred from the Governor's Office and mansion to fund an increase in association dues through existing resources.

**SPECIAL AUDITS**

Section 26.060, RSMo, authorizes the Governor to call for special audits of any entity receiving state funds when the public interest of the state will be served.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at current level.

**GOVERNOR'S MANSION PRESERVATION ADVISORY COMMISSION**

The Commission is composed of widows of former Missouri Governors in accordance with Section 8.020, RSMo. The members receive a sum of \$3,000 per year for serving on the Commission.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at current level.

**GOVERNMENTAL EMERGENCY FUND COMMITTEE**

Sections 33.700 through 33.730, RSMo, create the governmental emergency fund, Governmental Emergency Fund Committee, and allocation procedures for appropriations of emergency funds. Funds from this appropriation may be allocated by a majority vote of the Governmental Emergency Fund Committee members for the purpose of meeting emergency and unanticipated requirements. The committee consists of the Governor, Commissioner of Administration, the chair and ranking minority member of the Senate Appropriations Committee, the chair and ranking minority member of the House Appropriations Committee, and the director of the Division of Design and Construction who serves as an ex officio consultant to the committee.

**Fiscal Year 2003 Governor's Recommendations**

Continue funding at current level.

# LIEUTENANT GOVERNOR

Article IV, Section 10 of the Missouri Constitution describes the duties and responsibilities of the Lieutenant Governor. The statutory salary of the Lieutenant Governor and funds for the personnel and expense and equipment costs in operating the Office of the Lieutenant Governor are included in this program. The Lieutenant Governor presides over the Senate and serves as Secretary of the Board of Public Buildings.

Proposition C, passed by voters in November 1992, established the office of advocacy and assistance for the elderly in the Lieutenant Governor's Office. The proposition also made the Lieutenant Governor a member of the Tourism, Economic Development, and Fund Commissioners Boards, and an advisor for educational programs.

## Fiscal Year 2003 Lieutenant Governor's Office

Continue funding at the current level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Personal Service	\$ 300,808	\$ 341,682	\$ 341,682
Expense and Equipment	<u>83,421</u>	<u>77,895</u>	<u>77,895</u>
TOTAL			
General Revenue Fund	\$ 384,229	\$ 419,577	\$ 419,577
Full-time equivalent employees	6.28	8.50	8.50

# SECRETARY OF STATE

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Administrative Services	\$ 14,694,052	\$ 16,063,248	\$ 16,151,170
Refunds of Overpayments	66,066	100,000	50,000
Elections Public Notice	1,207,251	100,000	1,100,000
Absentee Ballots	45,071	120,000	50,000
Record Preservation Programs	370,788	1,229,385	1,224,975
Missouri Library Programs	9,500,768	9,097,945	9,199,188
<b>TOTAL</b>	<b>\$ 25,883,996</b>	<b>\$ 26,710,578</b>	<b>\$ 27,775,333</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	6,957,615	7,449,068	7,449,068
Federal Funds	345,303	504,057	504,057
Secretary of State's Technology Trust Fund Account	8,830	77,900	77,900
Local Records Preservation Fund	786,735	899,969	899,969
Secretary of State Investor Education Fund	0	0	121,458
State Document Preservation Fund	0	116,460	116,460
Secretary of State Institution Gift Trust Fund	106,797	121,458	121,458
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	4,790,019	3,776,791	4,116,535
Federal Funds	408,906	702,574	702,574
Secretary of State's Technology Trust Fund Account	2,051,412	2,422,496	2,922,496
Local Records Preservation Fund	283,286	397,727	397,727
Secretary of State Investor Education Fund	0	0	163,464
State Document Preservation Fund	0	10,410	6,000
Secretary of State Wolfner State Library Fund	9,809	35,000	35,000
Secretary of State Institution Gift Trust Fund	70,778	163,464	163,464
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	7,155,983	7,472,851	7,850,188
Federal Funds	1,672,058	1,500,000	1,500,000
Local Records Preservation Fund	370,788	600,000	600,000
State Document Preservation Fund	0	27,515	27,515
<b>FUND TRANSFERS</b>			
General Revenue Fund	865,677	432,838	0
<b>TOTAL</b>	<b>\$ 25,883,996</b>	<b>\$ 26,710,578</b>	<b>\$ 27,775,333</b>
General Revenue Fund	19,769,294	19,131,548	19,415,791
Federal Funds	2,426,267	2,706,631	2,706,631
Secretary of State's Technology Trust Fund Account	2,060,242	2,500,396	3,000,396
Local Records Preservation Fund	1,440,809	1,897,696	1,897,696
Secretary of State Investor Education Fund	0	0	284,922
State Document Preservation Fund	0	154,385	149,975
Secretary of State Wolfner State Library Fund	9,809	35,000	35,000
Secretary of State Institution Gift Trust Fund	177,575	284,922	284,922
<b>Full-time equivalent employees</b>	<b>260.19</b>	<b>299.90</b>	<b>303.40</b>

## **ELECTED OFFICIALS SECRETARY OF STATE**

### **ADMINISTRATION**

The Office of the Secretary of State is organized as follows:

- 1) Administrative Services provides central budgeting, personnel, human resources, accounting, supplies, and mailroom services for all areas of the office. Responsibilities also include publication of the official manual of the State of Missouri, the Constitution, corporation laws, securities laws, the uniform commercial code manual, notary public laws, trademark laws, primary election returns, and the state and general assembly roster.
- 2) Executive Services provides central services such as communications and public relations and houses the executive staff. The Securities Commissioner administers the Missouri Uniform Securities Act.
- 3) Elections Services prepares ballots, certifies candidates, canvasses election returns, certifies initiative petitions, and maintains the statewide voter registration database.
- 4) Record Services provides for the maintenance, retention, preservation, and disposal of official records of the state and local governments of Missouri.
- 5) Administrative Rules and Legal Services provide central services such as legal counsel and is the central filing office for all rules and regulations promulgated by departments of the State of Missouri.
- 6) Securities Services works to protect Missouri investors from fraud and maintain an orderly securities market in the state.
- 7) Business Services administers the laws and filings of corporations and non-profit organizations. Additionally, the division is the central filing office and custodian of all filings on business and professional loans.
- 8) Information Technology Services provides support for information systems.
- 9) Library Services supports or works in concert with public, academic, and institutional libraries of the state with grant support, consultant services, development of criteria for establishment of libraries, collection development, resource sharing and coordination. The library serves as a research and reference library for state government and the legislature, and as the central outlet for census data information.
- 10) Wolfner Library for the Blind and Physically Handicapped provides a variety of Braille and large print books, talking books recorded on cassette and discs, as well as cassette and disc playback equipment for eligible blind, visually impaired, physically disabled, and learning disabled citizens. Production of the materials, equipment, and postal charges for their distribution are provided by the federal government through the National Library Service. The State of Missouri pays for the cost of housing the collections of material and equipment for the staff to operate the service.

#### **Fiscal Year 2003 Secretary of State's Office**

- \$500,000 technology trust fund for E-government initiatives.
- \$284,922 investor education fund and 3.5 staff to assist in operation of securities division programs.
- (\$697,000) core reduction for one-time expenditures.

### **REFUND OF OVERPAYMENTS**

The Secretary of State's Office collects fees for many of the services it provides. Refunds must be made for overpayments.

#### **Fiscal Year 2003 Secretary of State's Office**

- (\$50,000) core reduction from Fiscal Year 2002 level.

### **ELECTIONS**

#### **INITIATIVE, REFERENDUM AND CONSTITUTIONAL AMENDMENTS EXPENSES**

These funds are provided to allow for the publication of the texts of initiative petitions and referendums in newspapers prior to their consideration by the electorate of the State of Missouri. Payments are made in accordance with Chapter 125, RSMo, for constitutional amendments and Chapter 126, RSMo, for initiative petitions and referendums.

#### **Fiscal Year 2003 Secretary of State's Office**

- \$1,000,000 on an open-ended basis to publish ballot measures in local newspapers.

## **ELECTED OFFICIALS SECRETARY OF STATE**

### **ELECTIONS (Continued)**

#### **ABSENTEE BALLOTS**

These funds are provided to allow for fees and costs for establishing and maintaining the business reply and postage-free mail for absentee envelopes returned by voters, in accordance with RSMo 115.285.

#### **Fiscal Year 2003 Secretary of State's Office**

- (\$70,000) core reduction from Fiscal Year 2002 level.

### **RECORD PRESERVATION PROGRAMS**

#### **LOCAL RECORDS GRANTS**

These funds are user fees designated for local records preservation. Missouri local governments submit proposals that address their specific needs in archives/records management. The Historical Records Advisory Board in concert with the Local Records Program Fiscal Grants Officer will establish priorities and implement and audit the return of money to local governments.

#### **Fiscal Year 2003 Secretary of State's Office**

Continue funding at current level.

#### **DOCUMENT PRESERVATION**

These funds are private donations designated for preservation of documents of legal, historical, and genealogical importance to the State of Missouri.

#### **Fiscal Year 2003 Secretary of State's Office**

- \$122,460 state document preservation fund and three staff to archive St. Louis Circuit Court case files from 1798 to 1875.
- (\$126,870) state document preservation fund and (three) staff in core reduction for one-time expenditures.

### **MISSOURI LIBRARY PROGRAMS**

#### **STATE AID FOR PUBLIC LIBRARIES**

The Missouri Constitution authorizes the state to support and aid public libraries. Consistent with this authority and the procedure set out in Section 181.060, RSMo, the Missouri State Library distributes funds to eligible public libraries on the basis of population served by the library district. A public library becomes eligible for participation if it has voted a local tax of at least ten cents per one hundred dollars assessed valuation. Local libraries use state funds to supplement local support.

#### **Fiscal Year 2003 Secretary of State's Office**

- \$484,081 for increased state aid for public libraries.

#### **REMOTE ELECTRONIC ACCESS FOR LIBRARIES**

The Remote Electronic Access for Libraries (REAL) project is designed to connect all public libraries in Missouri to each other and the Internet through dedicated data connections. Library patrons will have quick access to resources beyond those available solely within their community.

#### **Fiscal Year 2003 Secretary of State's Office**

Continue funding at current level.

**ELECTED OFFICIALS  
SECRETARY OF STATE**

**MISSOURI LIBRARY PROGRAMS (Continued)**

**LITERACY INVESTMENT FOR TOMORROW**

The Missouri State Library serves as fiscal agent for the state literacy resource center, Literacy Investment for Tomorrow (LIFT) in St. Louis. The center promotes and develops resources for organizations that provide literacy services.

**Fiscal Year 2003 Secretary of State's Office**

Continue funding at current level.

**FEDERAL AID FOR PUBLIC LIBRARIES**

The Missouri State Library administers federal grants under the federal Library Services and Construction Act. The library distributes funds to local public libraries for personnel, books, and other library materials, and for general operating expenses to develop and improve library services. In addition, funds are available to local groups of libraries for improving local library cooperation. All costs for cooperative projects except book purchases and building construction are eligible for funding.

**Fiscal Year 2003 Secretary of State's Office**

Continue funding at current level.

**LIBRARY NETWORKING FUND**

Senate Bill 724 (1998) authorized the transfer of the non-resident athletes and entertainers income taxes to various entities.

**Fiscal Year 2003 Secretary of State's Office**

- (\$432,838) core reduction from the Fiscal Year 2002 appropriation level.

**SCHOLARSHIPS FOR LIBRARIANS**

This program is intended to increase the number of librarians in Missouri by encouraging students who might not otherwise have the resources for higher education to become librarians. This program will assist two groups: individuals who have worked at least two years in a library in Missouri and who do not have an undergraduate degree, and individuals who are accepted or enrolled in a Masters of Library Sciences program at a Missouri institution. A committee convened by the Missouri State Library will approve scholarship applications and oversee payment to appropriate academic institutions.

**Fiscal Year 2003 Secretary of State's Office**

- \$50,000 for scholarships for future librarians.

# STATE AUDITOR

The State Auditor's Office performs audits of various state agencies, third- and fourth-class counties, other political subdivisions as required by petition, and claims made to the Office of Emergency Preparedness for reimbursement of disaster expenditures. Financial accountability, legality of financial transactions, and operational efficiency are examined in the audits. Audit reports are delivered to the Governor, the General Assembly, the auditee, and interested citizens. The State Auditor also registers all bonds as required by law; distributes accounting forms to the counties; files county budgets and municipal financial statements; processes federal levies and payroll sequestrations; provides research for the creation of permanent audit files; provides legal, organizational, and program research for state and county audits; and assists state, county, and local governments in establishing uniform accounting systems and procedures.

## Fiscal Year 2003 Auditor's Office

- \$67,630 and two staff to replace state highways and transportation department funds.
- (\$67,630) state highways and transportation department fund and (two) staff in core reduction from the Fiscal Year 2002 appropriation level.
- (\$19,980) core reduction for one-time expenditures.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
<b>PERSONAL SERVICE</b>			
General Revenue Fund	\$ 5,498,294	\$ 4,715,834	\$ 5,608,125
Federal Funds	412,881	463,460	463,460
Gaming Commission Fund	15,565	58,804	58,804
Conservation Commission Fund	37,309	37,532	37,532
Parks Sales Tax Fund	18,639	18,745	18,745
Soil and Water Sales Tax Fund	17,949	18,054	18,054
State Highways and Transportation Department Fund	565,561	631,564	566,402
Petition Audit Revolving Trust Fund	99,996	479,958	564,656
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	1,190,790	2,542,629	1,697,988
Federal Funds	30,358	44,967	44,967
Gaming Commission Fund	2,658	22,580	22,580
Conservation Commission Fund	2,611	2,611	2,611
State Highways and Transportation Department Fund	22,208	24,678	22,210
Petition Audit Revolving Trust Fund	49,899	137,314	52,616
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
Petition Audit Revolving Trust Fund	100	0	0
<b>TOTAL</b>	<b>\$ 7,964,818</b>	<b>\$ 9,198,730</b>	<b>\$ 9,178,750</b>
General Revenue Fund	6,689,084	7,258,463	7,306,113
Federal Funds	443,239	508,427	508,427
Gaming Commission Fund	18,223	81,384	81,384
Conservation Commission Fund	39,920	40,143	40,143
Parks Sales Tax Fund	18,639	18,745	18,745
Soil and Water Sales Tax Fund	17,949	18,054	18,054
State Highways and Transportation Department Fund	587,769	656,242	588,612
Petition Audit Revolving Trust Fund	149,995	617,272	617,272
<b>Full-time equivalent employees</b>	<b>146.46</b>	<b>182.45</b>	<b>182.45</b>



# STATE TREASURER

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Administration	\$ 2,930,156	\$ 2,873,473	\$ 2,965,772
Issuing Duplicate Checks	1,301,033	450,000	1,500,000
Issuing Outlawed Checks	53,418	5,000	25,000
County Recorder Disbursements	0	0	1
Abandoned Fund Account	10,751,837	4,150,000	16,000,001
Linked Deposit Refunds	2,643	4,000	3,000
<b>TOTAL</b>	<b>\$ 15,039,087</b>	<b>\$ 7,482,473</b>	<b>\$ 20,493,774</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	1,337,309	1,264,316	1,515,511
State Highways and Transportation Department Fund	442,238	458,699	458,699
Second Injury Fund	33,361	36,232	36,232
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	502,856	748,245	494,050
Treasurer's Information Fund	439	8,000	8,000
Central Check Mailing Service Revolving Fund	174,853	225,000	225,000
Second Injury Fund	3,037	3,280	3,280
Abandoned Fund Account	436,063	129,701	225,000
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	1,357,094	459,000	1,528,000
Abandoned Fund Account	10,251,837	4,000,000	16,000,000
Statutory County Recorders' Fund	0	0	1
<b>FUND TRANSFERS</b>			
General Revenue Fund	500,000	150,000	1
<b>TOTAL</b>	<b>\$ 15,039,087</b>	<b>\$ 7,482,473</b>	<b>\$ 20,493,774</b>
General Revenue Fund	3,697,259	2,621,561	3,537,562
Statutory County Recorders' Fund	0	0	1
Treasurer's Information Fund	439	8,000	8,000
Central Check Mailing Service Revolving Fund	174,853	225,000	225,000
State Highways and Transportation Department Fund	442,238	458,699	458,699
Second Injury Fund	36,398	39,512	39,512
Abandoned Fund Account	10,687,900	4,129,701	16,225,000
<b>Full-time equivalent employees</b>	<b>47.87</b>	<b>53.00</b>	<b>53.00</b>

## ADMINISTRATION

The State Treasurer is responsible for receiving and investing state moneys, posting receipts to the proper funds, and signing warrants drawn according to law. As custodian of those funds, the Treasurer determines the amount of state moneys not needed for current operating expenses and invests those funds in interest-bearing time deposits in Missouri banking institutions or in short-term United States government obligations. The Treasurer is required to give due consideration to the preservation of state funds and the comparative yields available. The Treasurer also must determine whether the general welfare of the state is better served by investing state funds in United States securities or within the Missouri banking system.

The Treasurer also administers the state's unclaimed property law by collecting unclaimed or abandoned funds and property belonging to Missouri citizens and trying to locate the owners.

### Fiscal Year 2003 State Treasurer's Office

- \$95,299 abandoned fund on an open-ended basis to more accurately reflect projected spending for advertising for unclaimed property owners and auction of unclaimed property.
- (\$3,000) core reduction from the Fiscal Year 2002 appropriation level.

## **ELECTED OFFICIALS STATE TREASURER**

### **ISSUING DUPLICATE AND OUTLAWED CHECKS**

These programs allow payment of claims against the state in cases where checks are not presented for payment within 12 months of issuance as required by law and in cases where checks are presented for payment more than five years after the date of issuance.

#### **Fiscal Year 2003 State Treasurer's Office**

- \$1,050,000 on an open-ended basis to more accurately reflect projected spending for duplicate checks.
- \$20,000 on an open-ended basis to more accurately reflect projected spending for outlawed checks.

### **DISTRIBUTIONS TO COUNTY RECORDER OFFICES**

In accordance with Section 59.800, RSMo, the State Treasurer is responsible for calculating and distributing funding to counties with a separate office for the Recorder of Deeds, which collect less than \$55,000 annually in certain revenues.

#### **Fiscal Year 2003 State Treasurer's Office**

- \$1 statutory county recorders fund on an open-ended basis to allow for disbursement of funds to eligible county recorders.

### **ABANDONED FUND ACCOUNT**

In accordance with Section 447.543, RSMo, the abandoned fund account has the two-fold purpose of receiving deposits from financial institutions, business organizations, business associations, or insurance corporations on accounts that have remained unclaimed for a period of seven years by any person or persons authorized to receive the same, and making the payment of valid claims. Any time the fund exceeds \$50,000, the Treasurer may, and at least once every year shall, transfer the excess to general revenue. If verified claims for payment should reduce the balance in the account to less than \$25,000, the Treasurer shall transfer from general revenue an amount sufficient to restore the fund to \$50,000.

#### **Fiscal Year 2003 State Treasurer's Office**

- \$12,000,000 abandoned fund on an open-ended basis to more accurately reflect projected spending for processing claims.
- (\$149,999) core reduction from Fiscal Year 2002 appropriation level.

### **LINKED DEPOSIT REFUNDS**

The Linked Deposit program provides a mechanism for providing low-interest loans as specified in Section 30.750, RSMo. The State Treasurer places a certificate of deposit with an eligible lending institution at up to three percent below market rate provided that the institution agrees to lend the value of the deposit at below the current borrowing rate. If the lending institution does not loan the full amount of the deposit, the institution must pay to the state the additional amount up to three percent discounted by the agreement. If a subsequent audit or review uncovers an overpayment error in the calculation of additional interest due, a refund must be made to the lending institution.

#### **Fiscal Year 2003 State Treasurer's Office**

- (\$1,000) core reduction from Fiscal Year 2002 appropriation level.

# ATTORNEY GENERAL

The Attorney General takes legal action to protect the rights and interests of the state, defends or prosecutes appeals to which the state is a party, provides opinions regarding state law, and assists prosecuting attorneys in the prosecution of cases. The Office of the Attorney General has several responsibilities for which specific funds have been established by law.

Section 27.080, RSMo, established the Attorney General's court costs fund to receive deposits and make payments of court costs in litigation requiring the appearance of the Attorney General. This fund is supplemented by a transfer from general revenue.

Section 416.081, RSMo, created the antitrust revolving fund which is made up of deposits of ten percent of any court settlement of antitrust litigation involving the Attorney General. This fund is supplemented by a transfer from general revenue.

Chapter 287, RSMo, provides for the Attorney General to charge the second injury fund for the cost of defending the fund.

Section 56.750, RSMo, establishes the Missouri Office of Prosecution Services within the Attorney General's office. The Prosecution Services office is funded through fees assessed as court costs in criminal cases. The office was established to develop uniform training and procedures for Missouri's prosecuting attorneys.

Sections 407.1070 to 407.1085, RSMo, established a no-call database to be maintained by the Attorney General for citizens who object to receiving telephone solicitations at home.

## **Fiscal Year 2003 Attorney General's Office**

- \$1,230,000 merchandising practices revolving fund to continue services provided by the no-call unit.
- \$139,950 and two staff to carry out the provisions of Section 547.035, RSMo, which outlines the procedures by which convicted offenders may challenge their convictions based on DNA evidence.
- \$127,500 to hire outside experts to establish that an offender is a sexually violent predator.
- \$105,625 and 0.25 staff to carry out the provisions of Sections 262.800 to 262.810, RSMo, related to representation of property owners subject to the farmland protection act.
- \$98,450 and 1.5 staff to strengthen and maintain tobacco settlement enforcement efforts pursuant to Sections 196.1000 to 196.1003, RSMo.
- \$70,000 Missouri office of prosecution services revolving fund on an open-ended basis to more accurately reflect the pass-through of registration fees for training conferences.
- \$61,475 second injury fund and one staff to collect second injury fund surcharges pursuant to Section 287.715, RSMo.
- (\$62,250) core reduction for one-time expenditures, including (\$52,475) general revenue.

## ELECTED OFFICIALS

### ATTORNEY GENERAL (Continued)

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003
Administration	\$ 17,552,109	\$ 20,887,632	\$ 22,598,157
Missouri Office of Prosecution Services	539,679	1,399,391	1,459,616
<b>TOTAL</b>	<b>\$ 18,091,788</b>	<b>\$ 22,287,023</b>	<b>\$ 24,057,773</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	9,896,411	10,730,185	10,869,310
Federal Funds	544,576	1,180,616	1,180,616
Gaming Commission Fund	94,523	95,065	95,065
Merchandising Practices Revolving Fund	437,327	592,539	592,539
Workers' Compensation Fund	210,762	229,150	229,150
Second Injury Fund	1,474,834	1,518,924	1,558,924
Missouri Office of Prosecution Services Fund	102,286	116,452	116,452
Hazardous Waste Remedial Fund	214,608	216,529	216,529
Other Funds	247,345	285,301	285,301
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	2,591,382	2,738,563	3,018,488
Federal Funds	246,658	2,235,556	2,225,781
Gaming Commission Fund	20,408	30,747	30,747
Attorney General's Court Costs Fund	149,701	187,000	187,000
Merchandising Practices Revolving Fund	763,715	732,480	1,962,480
Workers' Compensation Fund	149,803	225,121	225,121
Second Injury Fund	463,922	483,632	505,107
Missouri Office of Prosecution Services Fund	61,223	139,844	139,844
Hazardous Waste Remedial Fund	10,165	10,165	10,165
Missouri Office of Prosecution Services Revolving Fund	78,999	80,000	150,000
Other Funds	28,140	54,154	54,154
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
Federal Funds	0	100,000	100,000
<b>FUND TRANSFERS</b>			
General Revenue Fund	305,000	305,000	305,000
<b>TOTAL</b>	<b>\$ 18,091,788</b>	<b>\$ 22,287,023 *</b>	<b>\$ 24,057,773</b>
General Revenue Fund	12,792,793	13,773,748	14,192,798
Federal Funds	791,234	3,516,172	3,506,397
Gaming Commission Fund	114,931	125,812	125,812
Attorney General's Court Costs Fund	149,701	187,000	187,000
Merchandising Practices Revolving Fund	1,201,042	1,325,019	2,555,019
Workers' Compensation Fund	360,565	454,271	454,271
Second Injury Fund	1,938,756	2,002,556	2,064,031
Missouri Office of Prosecution Services Fund	163,509	256,296	256,296
Hazardous Waste Remedial Fund	224,773	226,694	226,694
Missouri Office of Prosecution Services Revolving Fund	78,999	80,000	150,000
Other Funds	275,485	339,455	339,455
<b>Full-time equivalent employees</b>	<b>331.22</b>	<b>394.05</b>	<b>398.80</b>

- Does not include \$1,230,000 recommended in the Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Attorney General supplemental appropriations.

# JUDICIARY

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Supreme Court	\$ 4,511,015	\$ 4,591,057	\$ 5,302,061	\$ 4,658,059
Office of State Courts Administrator	29,248,988	33,597,957	40,274,256	35,049,325
Courts of Appeal	10,016,020	10,274,816	11,408,039	10,481,317
Circuit Courts	107,256,733	112,699,323	121,962,510	113,134,684
Commission on Retirement, Removal and Discipline of Judges	183,929	232,605	235,013	232,605
Appellate Judicial Commission	5,299	11,960	11,960	11,960
Senior Judge Compensation	641,667	643,673	643,673	643,673
<b>TOTAL</b>	<b>\$ 151,863,651</b>	<b>\$ 162,051,391 *</b>	<b>\$ 179,837,512</b>	<b>\$ 164,211,623</b>
General Revenue Fund	143,690,464	144,150,056	158,292,896	142,787,667
Federal Funds	5,217,333	12,165,612	15,541,440	15,488,232
Third Party Liability Collection Fund	0	345,869	355,109	345,869
Child Support Collections Fund				
Statewide Court Automation Fund	2,873,858	4,694,854	4,753,066	4,694,854
Supreme Court Publications Revolving Fund	72,279	80,000	80,000	80,000
Missouri CASA Fund	0	0	200,000	200,000
Drug Court Resources Fund	0	0	1	1
Supreme Court Administrative Revolving Fund	7,751	90,000	90,000	90,000
Domestic Relations Resolution Fund	1,966	500,000	500,000	500,000
Fine Collections Center				
Interest Revolving Fund	0	25,000	25,000	25,000
<b>Full-time equivalent employees</b>	<b>3,467.10</b>	<b>3,411.10</b>	<b>3,630.27</b>	<b>3,422.60</b>

\* Does not include \$2,495,590 recommended in Fiscal Year 2002 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding Judiciary supplemental appropriations.

## POLICY SUMMARY

The Governor recommends \$166,859,451 to enable the Judiciary to fulfill its constitutional responsibilities.

**CHILDREN IN THE COURTS:** Many at risk children find themselves unguided participants in a judicial system ill suited to handle their needs. Abused and neglected children are often placed in the judicial system for the purpose of permanent placement in a safe and healthy home. However, judges frequently lack the information required to act in the best interests of the child. Court Appointed Special Advocate (CASA) programs provide community volunteers to escort children throughout the entire legal placement process. These advocates see that the needs of the children are properly assessed and met. Volunteers conduct thorough research on the background of cases, review documents, interview parties and report to the court with recommendations based on the best interests of the child. Through these efforts, judges are provided information essential for the appropriate placement of abused children. To promote the timely and proper disposition of cases involving children, the Governor recommends:

- \$200,000 federal funds for new and existing CASA programs for recruitment, training and supervision of additional CASA volunteers.
- \$3,100,248 federal funds for the purpose reimbursing program costs related to adoption, foster care and children at-risk of removal from the home.
- \$192,000 and two staff for family court commissioners in St. Charles and Greene Counties in funds to be reimbursed by the counties.

**COURT AUTOMATION:** Technological improvements often lead to increased efficiencies and accessibility in government. Faced with ever more crowded dockets and reporting demands, a commitment to technological innovation must be fundamental in the Missouri judicial system. The on going implementation of the Electronic Courts Project 2004 as authorized in SB 420 (1994) is resulting in a more efficient and accessible Missouri court system. At the end of Fiscal Year 2002, this project will serve approximately 50% of Missouri's caseload and 54% of Missouri's population. To continue this innovative use of information technology, the Governor recommends:

- \$15,447,176 for on going support of implemented court automation, including \$10,752,322 general revenue.
- \$222,372 federal funds for the continuing implementation of automation in Missouri's juvenile courts.

## **JUDICIARY**

### **POLICY SUMMARY (Continued)**

**COURT SECURITY:** The events of September 11<sup>th</sup> have necessitated an evaluation of public buildings security issues statewide. To ensure the safety and security of the Missouri judicial system, the Governor recommends:

- \$59,904 for security measures at the Supreme Court Building.
- \$216,001 for security measures in the Western, Eastern, and Southern Courts of Appeals.

### **SUPREME COURT**

The Supreme Court hears appeals in several categories of legal cases, handles original proceedings concerning extraordinary remedies, and exercises control over courts. The court discharges these duties by hearing oral arguments and interpreting and applying pertinent laws in order to decide cases on appeal. Lower courts are supervised through the promulgation and revision of rules. The court also licenses and disciplines attorneys of the state bar.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$59,904 for increased security measures at the Supreme Court Building.
- \$7,098 for increased dues for the National Center for State Courts.

### **OFFICE OF STATE COURTS ADMINISTRATOR**

The Office of State Courts Administrator fulfills the administrative obligations of the Supreme Court which are mandated under the judicial article and the statutes. Staff of the office perform technical assistance, statistical analysis, financial system analysis, and continuing education functions for the courts. The office assists in policy direction for the Statewide Judicial Information System (SWJIS), collects and analyzes caseload data from the courts, develops and operates appellate and circuit record-keeping systems, develops and operates administrative systems, prepares the judicial budget, and maintains the personnel system for the courts. A central transcribing service prepares typed transcripts from sound recordings when needed for appeals or other purposes as required by statute. The office processes payrolls for all state-paid circuit court employees and all other state expenditures of the Supreme Court and circuit courts.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$3,100,248 federal funds and four staff for expenditures related to adoption, foster care, and removal of at-risk children from dangerous homes.
- \$222,372 federal funds and five staff to continue automation of Missouri's juvenile courts.
- (\$1,871,252) for one-time expenditures.

## JUDICIARY

### COURTS OF APPEAL

The Missouri Courts of Appeal are constitutionally and statutorily authorized courts charged with hearing and deciding original remedial writs and appeals from all the counties in the state. The courts consist of 11 appeals judges in the Western District, 14 appeals judges in the Eastern District, and 7 appeals judges in the Southern District.

#### Fiscal Year 2003 Governor's Recommendations

- \$216,001 for security improvements in the Western, Eastern, and Southern Courts of Appeals.
- (\$9,500) for one-time expenditures.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	GOVERNOR RECOMMENDS FY 2003
Western District	\$ 3,404,243	\$ 3,432,591	\$ 3,527,142
Eastern District	4,453,318	4,491,600	4,544,100
Southern District	2,158,459	2,350,625	2,410,075
TOTAL	\$ 10,016,020	\$ 10,274,816	\$ 10,481,317
Personal Service	8,439,840	8,742,734	8,742,734
Expense and Equipment	1,576,180	1,532,082	1,738,583
TOTAL			
General Revenue Fund	\$ 10,016,020	\$ 10,274,816	\$ 10,481,317
Full-time equivalent employees	163.65	166.65	166.65

### CIRCUIT COURTS

Circuit courts are established by Article V, Section 15 of the Constitution of Missouri. The boundaries, circuit number, and inclusive counties of the 45 circuits are established by Chapter 478 RSMo. The circuit court is the exclusive trial court in Missouri. It is comprised of circuit judges, associate circuit judges, and municipal judges. Municipalities under 400,000 population may, and those over 400,000 must, make provision for judges to hear municipal ordinance violations. If such provision is not made, municipalities will file such cases before an associate circuit judge.

#### Fiscal Year 2003 Governor's Recommendations

- \$200,000 federal funds to expand Court Appointed Special Advocates (CASA) programs serving abused and neglected children.
- \$192,000 and two staff for new family court commissioners in St. Charles and Greene Counties, the state to be reimbursed as per RSMo 487.020.
- \$30,330 and 0.5 staff for a statutorily mandated conversion of an associate circuit court judge to a circuit court judge in Cole County.
- \$13,030 for statutorily mandated circuit clerk salary adjustments in Callaway and Christian counties resulting from county reclassification.
- \$1 other funds on an open-ended basis to implement the Drug Court Coordination Commission.

## JUDICIARY

### **COMMISSION ON RETIREMENT, REMOVAL AND DISCIPLINE OF JUDGES**

The Commission on Retirement, Removal, and Discipline of Judges, authorized in Article V, Section 27 of the Missouri Constitution, receives and investigates all requests and suggestions concerning retirement for disability and all complaints concerning misconduct of judges, members of the judicial commissions, and members of this commission. The commission is composed of two citizens who are not members of the bar and who are appointed by the Governor, two lawyers appointed by the governing body of the Missouri Bar, one judge of the Courts of Appeal selected by a majority of the judges of the Courts of Appeal, and one judge of the circuit courts selected by a majority of the circuit judges of this state.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **APPELLATE JUDICIAL COMMISSION**

The Appellate Judicial Commission consists of a judge of the Supreme Court, one member of the bar from each appeals district, and one citizen not a member of the bar from each appeals district. The commission considers vacancies in the office of judge of the Supreme Court or the Courts of Appeal. The Circuit Judicial Commission consists of the chief judge of the Courts of Appeal over the district, two members of the bar residing in the judicial circuit, and two citizens not members of the bar residing in the circuit. This commission considers vacancies in the office of circuit judge or associate circuit judge in those districts subject to nonpartisan selection of judges.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

### **SENIOR JUDGE COMPENSATION**

Legislation enacted in 1988 encouraged the use of senior retired judges to help alleviate the problems associated with rapidly growing caseloads in the circuit and appellate courts by providing compensation for their services. Senior judges are being used to increase the disposition rates in high-volume courts, in courts where there are temporary vacancies due to retirement and illness, and in individual cases where conflict of interest or other needs arise.

#### **Fiscal Year 2003 Governor's Recommendations**

Continue funding at the current level.

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# OFFICE OF THE STATE PUBLIC DEFENDER

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Defender Services	\$ 25,065,578	\$ 27,749,072	\$ 38,128,344	\$ 27,749,072
Federal Grants	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,129,452	1,214,534	1,216,142	1,214,534
Homicide/Conflict of Interest Cases	1,854,947	2,059,850	2,059,850	2,059,850
DEPARTMENT TOTAL	\$ 28,049,977	\$ 31,148,456	\$ 41,529,336	\$ 31,148,456
PERSONAL SERVICE				
General Revenue Fund	20,299,613	22,024,481	28,037,315	22,024,481
Legal Defense and Defender Fund	46,548	57,178	58,786	57,178
EXPENSE AND EQUIPMENT				
General Revenue Fund	6,620,912	7,784,441	12,150,879	7,784,441
Legal Defense and Defender Fund	1,065,859	1,157,356	1,157,356	1,157,356
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	17,045	0	0	0
TOTAL	\$ 28,049,977	\$ 31,148,456	\$ 41,529,336	\$ 31,148,456
General Revenue Fund	26,920,525	29,808,922	40,188,194	29,808,922
Federal Funds	0	125,000	125,000	125,000
Legal Defense and Defender Fund	1,129,452	1,214,534	1,216,142	1,214,534
Full-time equivalent employees	558.13	558.13	567.63	558.13

## POLICY SUMMARY

The Sixth Amendment of the U.S. Constitution assures that no person accused of a crime and unable to pay for legal assistance shall face trial without counsel. Established in 1982 through Chapter 600 RSMo, the Office of the State Public Defender exists as a "system for providing defense services to every jurisdiction within the state by means of a centrally administered organization having a full-time staff." The State Public Defender System fulfills the constitutional guarantee of legal counsel for persons accused of criminal offenses in Missouri's 45 judicial circuits (embracing 114 counties and the City of St. Louis).

Functioning as an independent department of the Missouri judicial branch, the Office of the State Public Defender is charged with providing legal defense for indigents accused of criminal offenses. Caseload has grown from 26,667 cases in Fiscal Year 1981 to 87,328 projected cases in Fiscal Year 2003, an increase of 227 percent. Homicide cases, which place extraordinary demands on public defenders, have increased substantially, and scientific advances such as DNA testing have required the increased use of expert witnesses and independent lab tests. In addition, Missouri's expanding initiative to civilly commit sexually violent predators is requiring increasing and ongoing litigation.

A properly funded public defender system is essential to the swift and certain punishment of crime. The Governor's recommendations provide ongoing funding of \$31,148,456 enabling the Office of the State Public Defender to continue to provide the constitutional guarantee of legal counsel.

### Fiscal Year 2003 Governor's Recommendations

Continue funding at the current level.

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# GENERAL ASSEMBLY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST
Expenses of the Senate	\$ 10,555,612	\$ 12,347,105	\$ 12,347,105
Expenses of the House of Representatives	18,704,485	21,276,839	21,276,839
Missouri Commission on Interstate Cooperation	277,740	284,403	284,403
Committee on Legislative Research	3,128,645	3,348,536	3,348,536
Interim Committees of the General Assembly	1,519	15,000	15,000
TOTAL	\$ 32,668,001	\$ 37,271,883	\$ 37,271,883
General Revenue Fund	32,457,072	36,651,083	36,651,083
House of Representatives Revolving Fund	27,534	45,000	45,000
Senate Revolving Fund	0	40,000	40,000
Statutory Revision Fund	183,395	535,800	535,800
Full-time equivalent employees	687.34	778.75	778.75

## GENERAL ASSEMBLY

### EXPENSES OF THE SENATE

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and Senate. The Senate is composed of 34 members elected for four-year terms.

The budget of the Senate includes funding for members' statutory salaries; travel reimbursement of 31.5 cents per mile; a per diem that is 80 percent of the federal per diem, now \$68.00; staff support; and interim committee expenses. The Senate appropriation also includes funds for the several joint committees.

#### Fiscal Year 2003 Request

Continue funding at the current level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST
Salaries of Members	\$ 1,046,231	\$ 1,071,448	\$ 1,071,448
Mileage of Members	50,033	56,435	56,435
Per Diem of Members	169,932	226,100	226,100
Senate Contingent Expenses	8,705,520	10,050,954	10,050,954
Joint Contingent Expenses	194,292	437,690	437,690
Joint Committee on Administrative Rules	91,623	119,707	119,707
Joint Committee on Retirement Systems	140,804	213,987	213,987
Joint Committee on Capital Improvements	112,559	118,964	118,964
Joint Committee on Gaming and Wagering	44,618	51,820	51,820
TOTAL	\$ 10,555,612	\$ 12,347,105	\$ 12,347,105
General Revenue Fund	10,555,612	12,307,105	12,307,105
Senate Revolving Fund	0	40,000	40,000
Full-time equivalent employees	223.61	257.00	257.00

## GENERAL ASSEMBLY

### EXPENSES OF THE HOUSE OF REPRESENTATIVES

Article III of the Missouri Constitution provides for the legislative branch of Missouri state government, consisting of the House of Representatives and the Senate. The House is composed of 163 members who are elected for two-year terms.

The budget of the House of Representatives includes funding for the members' statutory salaries; a per diem that is 80 percent of the federal per diem, now \$68.00; travel reimbursement of 31.5 cents per mile; and staff support.

#### Fiscal Year 2003 Request

Continue funding at the current level.

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST
Salaries of Members	\$ 4,997,343	\$ 5,117,283	\$ 5,117,283
Mileage of Members	261,447	342,660	342,660
Per Diem of Members	823,004	1,083,950	1,083,950
House Contingent Expenses			
Representatives' Expense Vouchers	1,378,319	1,956,000	1,956,000
Leadership Aides and Secretaries	4,890,425	5,502,364	5,502,364
Research Staff	900,988	974,189	974,189
Committee Operations	241,442	380,298	380,298
House Staff	4,846,613	5,419,738	5,419,738
House Revolving Fund	27,534	45,000	45,000
House Appropriations Staff	337,370	455,357	455,357
TOTAL	\$ 18,704,485	\$ 21,276,839	\$ 21,276,839
General Revenue Fund	18,676,951	21,231,839	21,231,839
House of Representatives Revolving Fund	27,534	45,000	45,000
Full-time equivalent employees	421.43	463.50	463.50

## **GENERAL ASSEMBLY**

### **INTERSTATE ORGANIZATIONS**

Missouri's dues to the Council of State Governments, the National Conference of State Legislatures, and the National Conference of Commissioners on Uniform State Laws are paid from these funds.

#### **Fiscal Year 2003 Request**

Continue funding at the current level.

### **COMMITTEE ON LEGISLATIVE RESEARCH**

#### **Administration**

In accordance with Sections 23.010 through 23.190, RSMo, a permanent joint committee of the General Assembly is established, comprised of the chair of the Senate Appropriations Committee and nine other Senators, and the chair of the House Budget Committee and nine other Representatives. The Committee on Legislative Research has staff support to perform the following services for the members of the General Assembly:

- (1) Provide a research and reference service on legislative issues.
- (2) Make investigations into legislative and governmental institutions to aid the General Assembly.
- (3) Assist any interim legislative committee or commission created by the General Assembly.
- (4) Draft or aid in drafting bills, resolutions, memorials, and amendments.
- (5) Prepare fiscal notes for legislation introduced in either house of the General Assembly.
- (6) Conduct management audits and performance audits of state agencies.
- (7) Maintain a legislative library for a reference service to the General Assembly and public.

#### **Fiscal Year 2003 Request**

Continue funding at the current level.

#### **Publishing Revised Statutes**

Article III, Section 34 of the Missouri Constitution requires a complete reprinting of the Revised Statutes of Missouri at least every ten years. Funds are provided during interim years to publish cumulative supplements to the revised statutes.

#### **Fiscal Year 2003 Request**

Continue funding at the current level.

### **INTERIM COMMITTEES**

These are statutory committees composed of members of the House and Senate and, in some cases, gubernatorial appointees.

#### **Fiscal Year 2003 Request**

Continue funding at the current level.

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# BUDGET RESERVE FUND

## FINANCIAL SUMMARY

	FY 2001 EXPENDITURE	FY 2002 APPROPRIATION	FY 2003 REQUEST	GOVERNOR RECOMMENDS FY 2003
Elementary and Secondary Education	\$ 0	\$ 0	\$ 0	\$ 4,002,175
Transportation	0	0	0	15,631,008
Mental Health	0	0	0	92,295,802
Health and Senior Services	0	0	0	23,771,007
Social Services	0	0	0	2,232,020
DEPARTMENTAL TOTAL	\$ 0	\$ 0	\$ 0	\$ 137,932,012
Title XIX - Federal and Other Funds	0	0	0	1,335,048
Department of Social Services - Federal and Other Funds	0	0	0	71,964
Budget Reserve Fund	0	0	0	135,000,000
State Transportation Fund	0	0	0	1,525,000
Full-time equivalent employees	0.00	0.00	0.00	19.00

## POLICY SUMMARY

A weakened economy and considerable growth in mandatory programs like Medicaid has resulted in the most significant budget challenge the state has faced since the early 1990s. The Fiscal Year 2003 budget includes the deepest core reductions ever recommended by a Missouri governor. These core reductions are necessary to ensure a balanced budget while continuing to provide essential state services. There are relatively few general revenue fund increases recommended in the Fiscal Year 2003 budget, and those that are recommended focus on mandatory programs. Governor Holden's number one priority is to fully fund the foundation formula distributions to public schools.

Unfortunately, many of the core cuts that are required to balance the budget put our most vulnerable Missourians at risk. During the core review process the Governor sent state budget officials back to the drawing board several times to look for more to cut and provide options to spare the most vulnerable from service reductions. The Governor has identified \$135 million in general revenue budget cuts that he believes compassionate Missourians will agree go too far. The Governor recommends that the state's budget reserve fund be used to pay for these services in Fiscal Year 2003. These services cannot be supported by current revenue sources. Though critical to these Missourians, they are not mandatory services that a state has no option but to provide. However, these services include things that a modern, just, and humane society should provide to those less fortunate among us. The Governor's Fiscal Year 2003 budget recommendations include the following items from the budget reserve fund:

## BUDGET RESERVE FUND

### POLICY SUMMARY (Continued)

#### Budget Reserve Fund Recommendations

**Elementary and Secondary Education**

Personal Care Assistance	\$4,002,175
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**Transportation**

Transit funding	7,531,179
Elderly and handicapped transportation	1,349,341
AMTRAK	4,825,000
Port authority assistance	400,488

**Mental Health**

Alcohol and drug abuse treatment services	15,796,627
Comprehensive psychiatric community services	56,048,544
Community programs for the developmentally disabled	20,450,631

**Health and Senior Services**

Home and community services program and grants	22,462,164
Lupus (HB 106)	58,987
Expanded newborn screening (HB 279)	868,076
Family care safety registry (SB 48)	106,678
Quality monitoring (HB 316 & SB 326)	275,102

**Social Services**

Presumptive eligibility	770,080
Expanded newborn hearing screening (HB 401)	54,928

Total	<u>\$135,000,000</u>
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The Governor recommends that a separate appropriations bill be created to contain all of the funding for these items – HB 1114. A separate bill will facilitate the two-thirds approval of the General Assembly required by Article IV, Section 27 (a) of the Missouri Constitution. In addition, a separate bill will ensure that all Missourians can see how the budget reserve fund is being used and be confident that the items being recommended are worthy of special consideration.

## **BUDGET RESERVE FUND**

### **DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION**

Personal Care Assistance (PCA) Program – The PCA Program, administered by the Division of Vocational Rehabilitation in the Department of Elementary and Secondary Education, provides personal attendant care to persons with severe physical disabilities who may otherwise be confined to their homes or to institutions. Attendants assist such persons with routine daily tasks such as bathing, dressing, and eating. This program allows these individuals to live more independently, maintain their current employment, or become employable.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$4,002,175 budget reserve fund for the PCA Program to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.

### **DEPARTMENT OF TRANSPORTATION**

Transit - Transit assistance programs provide important operating aid to Missouri transit providers. Many citizens rely on public transportation because they are unable to drive or do not own a vehicle. This mode of transportation provides an important alternative to driving, especially in congested urban areas. Without state assistance these providers would not be able to offer the same level of service as they are currently providing to Missourians.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$7,531,179 budget reserve fund for state assistance to special and general transportation providers.

Missouri Elderly and Handicapped Transportation Assistance Program (MEHTAP) - MEHTAP provides state financial assistance to help defray operating costs incurred by not-for-profit transporters of the elderly and people with disabilities. State funds are used to supplement local, private, and federal funds available to these transit providers. For many Missourians, this program provides the only available means of transportation for doctor's visits, trips to the grocery store, and other places to which they must travel.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$1,349,341 budget reserve fund to provide transportation services to elderly, disabled, and low-income citizens.

Amtrak - Through a partnership with Amtrak, the state of Missouri is able to offer rail service between Kansas City and St. Louis, with many local stops along the way. The state assistance program also provides important advertising funding and a small amount of funding to help with station improvements. Without the state assistance, the Missouri Amtrak line would be discontinued and this important mode of transportation would no longer be available to Missourians.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$6,350,000 to provide local rail service between Kansas City and St. Louis, along with advertising and station improvement programs, including \$4,825,000 budget reserve fund.

Port Authorities - State aid is available to local port authorities for administration, planning, and development activities such as financial and engineering studies. This funding also provides operating assistance to two areas with ferryboat service. Ports provide a mechanism for a cost-effective means of transporting many types of goods that would otherwise be very expensive to transport, such as grain and other farm produce. In conjunction with the state of Illinois and Kentucky, two ferryboat operations are supported and provide important transportation links between the states. The ports provide a valuable economic development tool by attracting businesses that need these facilities. However, many of the ports are in early stages of development and are not able to fully support their operations without state assistance.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$400,488 budget reserve fund for assistance to local port authorities.



## **BUDGET RESERVE FUND**

### **DEPARTMENT OF MENTAL HEALTH**

Alcohol and Drug Abuse Treatment – Alcohol and substance abuse places a tremendous burden on communities and leads to significant costs to taxpayers if left untreated. Substance abuse is a significant factor in children being removed from the home and entering out-of-home placement, crime and increased correctional costs, HIV/AIDS infection, and many other issues that negatively affect the state budget. The substance abuse treatment system offers an array of services designed to meet the varied treatment and care needs of clients. These services include detoxification from drugs and alcohol, residential treatment, and outpatient treatment. Services are focused on achieving and maintaining sobriety, returning to the home and employment or school, and improving relations with family and community.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$15,796,627 budget reserve fund for substance abuse treatment services to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.

Comprehensive Psychiatric Community Services – Many individuals with severe psychiatric problems can be treated with the appropriate combination of community support services and medications. Without these treatments, many of them would require very expensive care in psychiatric hospitals and children with psychiatric problems may be separated from their families. The Division of Comprehensive Psychological Services provides community-based services to children and adults. Adult community programs provide key services to persons with severe disabling mental illness, including evaluations, crisis response, case management, medication management, psychological rehabilitation, and residential services. Results from an outcome study of the Community Psychiatric Rehabilitation Program's clients indicate the program is successful in moving clients into independent living situations, increasing vocational activities, decreasing alcohol and drug use, and decreasing inpatient admission to psychiatric hospitals. Youth community programs are targeted to youth who are at risk of inpatient hospitalization or other out-of-home placement. Services include in-home crisis response and family preservation services, case management, psychotherapy, medication monitoring, respite care, day treatment, and supported community living services.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$41,956,579 budget reserve fund for adult community comprehensive psychiatric services to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.
- \$14,091,965 budget reserve fund for youth community comprehensive psychiatric services to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.

Mental Retardation and Developmentally Disabled (MRDD) Community Services – The Division of MRDD operates a community-based service delivery system to serve children and adults with mental retardation, cerebral palsy, epilepsy, head injury, autism, learning disabilities, or other impairments that substantially limit their abilities to function independently. Support services, such as case management, respite services, and attendant care, are provided to families who choose to care for their sons and daughters with developmental disabilities in their homes or in an appropriate residential option and to fully include them in all aspects of home, school, and community life. The family-directed supports program allows the family to determine its most critical needs and develop a cost-efficient plan to meet these needs and keep their child in their own homes. In addition, the division operates a program targeted to assist families with autistic children through home-based services that were not traditionally available in many communities. These programs are critical to ensure that children and adults with severe developmental disabilities are able to live in the least restrictive environment rather than very expensive institutional care.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$8,836,060 budget reserve fund for community and family-directed supports to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.
- \$8,459,093 budget reserve fund for community programs to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.
- \$3,155,478 budget reserve fund for services for autistic clients to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.

## **BUDGET RESERVE FUND**

### **DEPARTMENT OF HEALTH AND SENIOR SERVICES**

Newborn Genetic Screening – Newborns are born with genetic diseases that can be treated or successfully managed if detected shortly after birth. Without detection and medical management, affected infants either die or live their lives with serious birth defects. House Bill 279 (2001) expands the newborn screening program by adding screening for 17 additional newborn metabolic and genetic conditions to the four conditions currently screened by the Department of Health and Senior Services. The bill also allows follow-up services to be provided to infants identified with one or more of these disorders.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$868,076 budget reserve fund and seven staff for startup costs for expanded newborn screening with continuation funding to come from fees charged to cover the costs of the new tests.

Family Care Safety Registry – Families need to be assured that their children and elderly parents are safe while they are at work. The Family Care Safety Registry provides background information to families on childcare, eldercare, and personal care workers. Senate Bill 48 (2001) expands the Family Care Safety Registry by requiring the inclusion of additional in-home service providers and expands background check reporting information from other state agencies.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$106,678 budget reserve fund and two staff to enhance the Family Care Safety Registry.

Comprehensive Quality Monitoring and Training – As Missouri's population continues to age and choices in care increase, the number of seniors seeking services will increase. The Department of Health and Senior Services needs additional resources to ensure care providers are properly monitored and their staff are properly trained so seniors are safe and receive high quality care. House Bill 316 and Senate Bill 326 (2001) allow the department to develop and implement a new comprehensive quality monitoring and training system including training requirements for long-term care providers.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$275,102 budget reserve fund and four staff for the development and implementation of a comprehensive quality monitoring and training system for long-term care providers.

Lupus Program – Lupus is an autoimmune disease that causes the body's immune system to produce antibodies against the body's own cells and tissues. Lupus disproportionately affects women with the highest prevalence among African Americans, Hispanics, Asians, and Native Americans. House Bill 106 (2001) established a Systemic Lupus Erythematosus Program in the Department of Health and Senior Services to track and monitor the prevalence of lupus in Missouri and promote research and public awareness of the disease.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$58,987 budget reserve fund and one staff to implement the Systemic Lupus Erythematosus Program.

Home and Community Services Program and Grants – The Home and Community Services Program allows low-income seniors to live independently in their own homes. The program provides such services as personal care, homemaker care, respite care, nurse visits, adult day care, and counseling for non-Medicaid seniors and disabled persons who require minimal assistance to remain safely in their homes. The Home and Community Grants Program provides funds that are used by the Area Agencies on Aging to provide a comprehensive set of services required by the Older Americans Act. Programs target low-income elderly and are designed to help them remain in their homes and communities. Without these vital programs, these seniors and disabled Missourians may have to move into nursing home care.

#### **Fiscal Year 2003 Governor's Recommendations**

- \$14,494,287 budget reserve fund for the Home and Community Services Program to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.
- \$7,967,877 budget reserve fund for the Home and Community Grants Program to replace a portion of the general revenue core reduction that was necessary to ensure a balanced budget.

## BUDGET RESERVE FUND

### DEPARTMENT OF SOCIAL SERVICES

Presumptive Eligibility - Presumptive Eligibility helps children who are not currently receiving Medicaid services by allowing health care providers and other community-based organizations to enroll children in Medicaid who appear to be eligible based on their age and family income. By extending presumptive eligibility to children, Missouri will be given a new way to facilitate the enrollment of uninsured children in Medicaid.

#### Fiscal Year 2003 Governor's Recommendations

- \$2,090,489 and five staff to implement presumptive eligibility for children, including \$770,080 budget reserve fund.

Newborn Hearing Screening – House Bill 401(1999) established a screening program for hearing loss in newborns. Effective January 1, 2002, all infants born in the state of Missouri are required by law to be screened for hearing loss. This decision item provides funding for a follow-up screening should the newborn fail the initial hearing test.

#### Fiscal Year 2003 Governor's Recommendations

- \$141,531 for follow-up hearing screenings for newborns, including \$54,928 budget reserve fund.

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# SUPPLEMENTAL APPROPRIATIONS

The Governor's recommendations for Fiscal Year 2002 Supplemental Appropriations include \$10,272,358 general revenue, \$111,477,648 federal funds, and \$28,633,123 other funds, for a total of \$150,383,129.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SPECIAL EDUCATION EARLY CHILDHOOD SPECIAL EDUCATION

H.B. Sec. 15.005	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
State School Moneys Fund	\$ 63,161,098	\$ 63,161,098	\$ 5,287,242	\$ 0
Early Childhood Development, Education and Care Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,287,242</u>
TOTAL	\$ 63,161,098	\$ 63,161,098	\$ 5,287,242	\$ 5,287,242

The Governor recommends \$5,287,242 early childhood development, education and care fund for the Early Childhood Special Education Program.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION DIVISION OF INSTRUCTION OPERATIONS

H.B. Sec. 15.010	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE				
General Revenue Fund	\$ 1,360,092	\$ 1,289,987	\$ 0	\$ 0
Federal Funds	1,695,471	1,581,878	210,000	210,000
Outstanding Schools Trust Fund	171,905	161,138	0	0
Video Instructional Development and Educational Opportunity Fund	74,317	68,185	0	0
EXPENSE AND EQUIPMENT				
General Revenue Fund	178,587	37,514	200,000	100,000
Federal Funds	763,147	894,058	0	0
Outstanding Schools Trust Fund	60,262	60,262	0	0
Video Instructional Development and Educational Opportunity Fund	<u>56,700</u>	<u>61,469</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 4,360,481	\$ 4,154,491	\$ 410,000	\$ 310,000

The Governor recommends \$100,000 for the Division of Instruction expense and equipment and \$210,000 federal funds for personal services.

## DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION SPECIAL EDUCATION FIRST STEPS

H.B. Sec. 15.015	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 2,267,839	\$ 2,267,839	\$ 2,947,219	\$ 0
Federal Funds	7,506,837	7,506,837	0	0
Early Childhood Development, Education and Care Fund	<u>3,886,042</u>	<u>3,886,042</u>	<u>0</u>	<u>2,947,219</u>
TOTAL	\$ 13,660,718	\$ 13,660,718	\$ 2,947,219	\$ 2,947,219

The Governor recommends \$2,947,219 early childhood development, education and care fund for the First Steps Program.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
SPECIAL EDUCATION  
DIVISION OF FAMILY SERVICES/DEPARTMENT OF MENTAL HEALTH PUBLIC PLACEMENT EXCESS COST**

H.B. Sec. 15.020	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

General Revenue Fund	\$	5,259,396	\$	5,259,396	\$	1,401,369	\$	1,401,369
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The Governor recommends \$1,401,369 to pay excess educational costs associated with children placed in residential facilities.

**DEPARTMENT OF ELEMENTARY AND SECONDARY EDUCATION  
COMMISSION FOR THE DEAF  
OPERATIONS**

H.B. Sec. 15.025	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**EXPENSE AND EQUIPMENT**

General Revenue Fund	\$	120,851	\$	120,851	\$	10,000	\$	6,374
Federal Funds		50,000		50,000		0		0
Certification of Interpreters Fund		87,000		87,000		0		0
<b>TOTAL</b>	<b>\$</b>	<b>257,851</b>	<b>\$</b>	<b>257,851</b>	<b>\$</b>	<b>10,000</b>	<b>\$</b>	<b>6,374</b>

The Governor recommends \$6,374 for the Commission for the Deaf expense and equipment.

**DEPARTMENT OF HIGHER EDUCATION  
TRANSFER TO STUDENT GRANT FUND**

H.B. Sec. 15.030	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

Federal Funds	\$	1,000,000	\$	1,000,000	\$	100,000	\$	100,000
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The Governor recommends \$100,000 federal funds to transfer funds from the U.S. Department of Education for the Charles E. Gallagher Student Financial Assistance Program grants.

**DEPARTMENT OF HIGHER EDUCATION  
GEAR UP EARLY AWARENESS AND OUTREACH**

H.B. Sec. 15.035	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PERSONAL SERVICE**

Federal Funds	\$	252,560	\$	252,560	\$	0	\$	0
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**EXPENSE AND EQUIPMENT**

Federal Funds		54,480		54,480		178,900		178,900
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**PROGRAM SPECIFIC DISTRIBUTION**

GEAR UP Scholarship Fund		1,197,572		1,197,572		100,000E		100,000E
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<b>TOTAL</b>	<b>\$</b>	<b>1,504,612</b>	<b>\$</b>	<b>1,504,612</b>	<b>\$</b>	<b>278,900</b>	<b>\$</b>	<b>278,900</b>
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Federal Funds		307,040		307,040		178,900		178,900
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GEAR UP Scholarship Fund		1,197,572		1,197,572		100,000E		100,000E
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The Governor recommends \$178,900 federal funds for the GEAR UP Program to provide early college preparation and awareness activities to participating students through comprehensive mentoring, counseling, outreach, and other support services, and \$100,000 GEAR UP scholarship fund on an open-ended basis for Guarantee Plus scholarships.

**SUPPLEMENTAL APPROPRIATIONS  
OFFICE OF ADMINISTRATION  
HOMELAND SECURITY**

H.B. Sec. 15.040	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**EXPENSE AND EQUIPMENT**

Federal Funds	\$	0	\$	0	\$	0	\$	1E
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The Governor recommends \$1 federal funds on an open-ended basis for homeland security measures in Missouri.

**DEPARTMENT OF AGRICULTURE  
OFFICE OF THE DIRECTOR  
FEDERAL AND OTHER GRANTS**

H.B. Sec. 15.045	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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PERSONAL SERVICE	\$	0	\$	0	\$	62,334	\$	62,334
EXPENSE AND EQUIPMENT		<u>0</u>		<u>0</u>		<u>674,298</u>		<u>674,298</u>
TOTAL								
Federal Funds	\$	0	\$	0	\$	736,632E	\$	736,632E

The Governor recommends \$736,632 federal funds to maximize costs associated with specialty crop grants, emergency fund assistance, transportation grants, and wood products grants.

**DEPARTMENT OF AGRICULTURE  
HOMELAND SECURITY**

H.B. Sec. 15.050	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

Federal Funds	\$	0	\$	0	\$	0	\$	1E
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The Governor recommends \$1 federal funds on an open-ended basis for homeland security measures in Missouri.

**DEPARTMENT OF NATURAL RESOURCES  
HOMELAND SECURITY**

H.B. Sec. 15.055	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

Federal Funds	\$	0	\$	0	\$	0	\$	1E
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The Governor recommends \$1 federal funds on an open-ended basis for homeland security measures in Missouri.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF NATURAL RESOURCES  
AGENCY WIDE  
LEWIS AND CLARK BICENTENNIAL**

H.B. Sec. 15.060	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 825,000	\$ 825,000	\$ 825,000	\$ 825,000
Intergovernmental Transfer Fund	825,000	825,000	0	0
TOTAL	\$ 1,650,000	\$ 1,650,000	\$ 825,000	\$ 825,000

The Governor recommends \$825,000 to correct a funding source error.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF COMMUNITY DEVELOPMENT**

H.B. Sec. 15.065	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
General Revenue Fund	\$ 0	\$ 0	\$ 200,000	\$ 200,000

The Governor recommends \$200,000 for the eight-state cost share of the Delta Regional Authority. The Delta Regional Authority is a federal program which funds various economic development projects.

**DEPARTMENT OF ECONOMIC DEVELOPMENT  
DIVISION OF WORKFORCE DEVELOPMENT**

H.B. Sec. 15.070	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
Federal Funds	\$ 3,331,244E	\$ 3,331,244	\$ 2,000,000	\$ 2,000,000

The Governor recommends \$2,000,000 federal funds for programs covered under the Workforce Investment Act and the Wagner-Peyser Act.

**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
GOVERNOR'S COUNCIL ON DISABILITIES**

H.B. Sec. 15.075	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 500,000	\$ 500,000	\$ 0	\$ 0
Assistive Technology Loan Revolving Fund	500,000	500,000	500,000	500,000
TOTAL	\$ 1,000,000	\$ 1,000,000	\$ 500,000	\$ 500,000

The Governor recommends \$500,000 assistive technology loan revolving fund for the Assistive Technology Loan Program.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
OFFICE OF VICTIMS OF CRIME**

H.B. Sec. 15.080	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 18,988	\$ 18,988	\$ 17,442	\$ 17,442
EXPENSE AND EQUIPMENT	0	0	48,621	48,621
TOTAL				
Crime Victims' Compensation Fund	\$ 18,988	\$ 18,988	\$ 66,063	\$ 66,063

The Governor recommends \$66,063 crime victims' compensation fund for the Office of Victims of Crime to assist crime victims, advocates, and local communities to provide fair and just treatment for crime victims.

**DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
HOMELAND SECURITY**

H.B. Sec. 15.085	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 0	\$ 0	\$ 1E	\$ 1E

The Governor recommends \$1 federal funds on an open-ended basis for homeland security measures in Missouri.

**DEPARTMENT OF PUBLIC SAFETY  
OFFICE OF THE DIRECTOR  
LOCAL LAW ENFORCEMENT BLOCK GRANTS**

H.B. Sec. 15.090	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 600,000	\$ 600,000	\$ 75,000	\$ 75,000

The Governor recommends \$75,000 federal funds for Local Law Enforcement Block Grants to assist local law enforcement agencies.

**DEPARTMENT OF PUBLIC SAFETY  
MISSOURI STATE HIGHWAY PATROL  
FRINGE BENEFITS**

H.B. Sec. 15.095	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
State Highways and Transportation				
Department Fund	\$ 1,060,071	\$ 1,060,071	\$ 2,506,000E	\$ 2,506,000E

The Governor recommends \$2,506,000 state highways and transportation department fund on an open-ended basis for increased employee fringe benefits costs.



**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF PUBLIC SAFETY  
MISSOURI STATE HIGHWAY PATROL  
ENFORCEMENT**

H.B. Sec. 15.100	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
Federal Funds	\$ 18,424,154	\$ 12,650,750	\$ 50,000	\$ 50,000
Criminal Record System Fund	1,241,550	1,241,550	126,527	95,102
TOTAL	\$ 19,665,704	\$ 13,892,300	\$ 176,527	\$ 145,102

The Governor recommends \$50,000 federal funds to support the Missouri State Police Intelligence Network and \$95,102 criminal record system fund to upgrade and maintain the Automated Fingerprint Identification System.

**DEPARTMENT OF PUBLIC SAFETY  
MISSOURI VETERANS COMMISSION  
ADMINISTRATION AND SERVICE TO VETERANS**

H.B. Sec. 15.105	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Veterans' Commission Capital Improvement Trust Fund	\$ 0	\$ 0	\$ 10,000,000	\$ 10,000,000

The Governor recommends \$10,000,000 veterans' commission capital improvement trust fund for the renovation of the WWI Liberty Memorial in Kansas City.

**DEPARTMENT OF PUBLIC SAFETY  
ADJUTANT GENERAL  
TUITION ASSISTANCE**

H.B. Sec. 15.110	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
National Guard Trust Fund	\$ 2,262,400	\$ 2,262,400	\$ 300,000	\$ 300,000

The Governor recommends \$300,000 national guard trust fund to provide educational assistance for Missouri National Guard members.

**DEPARTMENT OF PUBLIC SAFETY  
MISSOURI GAMING COMMISSION  
COMPULSIVE GAMBLERS' FUND**

H.B. Sec. 15.115	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Gaming Commission Fund	\$ 190,110	\$ 190,110	\$ 207,964	\$ 207,964

The Governor recommends \$207,964 transfer from the gaming commission fund to the compulsive gamblers' fund for prevention and treatment efforts to assist problem gamblers.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF CORRECTIONS  
OFFICE OF THE DIRECTOR**

H.B. Sec. 15.120	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 1,820,707	\$ 2,699,999	\$ 2,699,999
EXPENSE AND EQUIPMENT	0	2,558,418	1	1
PERSONAL SERVICE AND/OR EXPENSE AND EQUIPMENT	<u>5,179,125</u>	<u>800,000</u>	<u>0</u>	<u>0</u>
TOTAL				
Federal Funds	\$ 5,179,125	\$ 5,179,125	\$ 2,700,000	\$ 2,700,000

The Governor recommends \$2,700,000 federal funds for additional spending authority for the State Criminal Alien Assistance Program.

**DEPARTMENT OF CORRECTIONS  
OFFICE OF THE DIRECTOR  
FUEL AND UTILITIES**

H.B. Sec. 15.125	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 19,113,213	\$ 19,113,213	\$ 5,500,000	\$ 5,500,000
Working Capital Revolving Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>0</u>	<u>0</u>
TOTAL	\$ 20,113,213	\$ 20,113,213	\$ 5,500,000	\$ 5,500,000

The Governor recommends \$5.5 million for increased fuel and utilities costs.

**DEPARTMENT OF MENTAL HEALTH  
ALCOHOL AND DRUG ABUSE  
PREVENTION AND EDUCATION SERVICES**

H.B. Sec. 15.130	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 5,242,393	\$ 2,736,915	\$ 4,350,349	\$ 4,350,349

The Governor recommends \$4,350,349 federal funds for alcohol and drug abuse prevention services.

**DEPARTMENT OF MENTAL HEALTH  
ALCOHOL AND DRUG ABUSE  
TREATMENT SERVICES**

H.B. Sec. 15.135	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 22,600,168	\$ 22,600,168	\$ 5,201,171	\$ 5,201,171

The Governor recommends \$5,201,171 federal funds for alcohol and drug abuse treatment.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF HEALTH AND SENIOR SERVICES  
OFFICE OF THE DIRECTOR**

H.B. Sec. 15.140	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 65,652	\$ 65,652
EXPENSE AND EQUIPMENT	<u>0</u>	<u>0</u>	<u>19,210</u>	<u>19,210</u>
TOTAL				
General Revenue fund	\$ 0	\$ 0	\$ 84,862	\$ 84,862

The Governor recommends \$84,862 and 1.5 staff to expand the high alert biological, chemical, and radiological surveillance and response system so the department can make the appropriate response quickly and communicate vital information to emergency agencies and the public in a timely manner.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES  
HOMELAND SECURITY**

H.B. Sec. 15.145	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Federal Funds	\$ 0	\$ 0	\$ 1E	\$ 1E

The Governor recommends \$1 federal funds on an open-ended basis for homeland security measures in Missouri.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES  
ADMINISTRATION**

H.B. Sec. 15.150	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
EXPENSE AND EQUIPMENT				
General Revenue Fund	\$ 0	\$ 0	\$ 75,089	\$ 75,089

The Governor recommends \$75,089 for the renovation of space for incoming mail and laboratory samples, protective gear, and supplies.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES  
STATE PUBLIC HEALTH LABORATORY**

H.B. Sec. 15.155	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 122,700	\$ 122,700
EXPENSE AND EQUIPMENT	<u>0</u>	<u>0</u>	<u>194,285</u>	<u>194,285</u>
TOTAL				
General Revenue Fund	\$ 0	\$ 0	\$ 316,985	\$ 316,985

The Governor recommends \$316,985 and 3.5 staff to expand the capacity of the State Public Health Laboratory to assure the detection of biological-chemical agents used as weapons.

**SUPPLEMENTAL APPROPRIATIONS**  
**DEPARTMENT OF HEALTH AND SENIOR SERVICES**  
**ENVIRONMENTAL HEALTH AND COMMUNICABLE DISEASE PREVENTION**

H.B. Sec. 15.160	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 40,872	\$ 40,872
EXPENSE AND EQUIPMENT	<u>0</u>	<u>0</u>	<u>54,215</u>	<u>54,215</u>
TOTAL				
General Revenue Fund	\$ 0	\$ 0	\$ 95,087	\$ 95,087

The Governor recommends \$95,087 and one staff to increase the department's ability to analyze environmental conditions, infectious diseases, and other threats to public health.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES**  
**MISSOURI SENIOR Rx PROGRAM**

H.B. Sec. 15.165	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 0	\$ 0	\$ 348,495	\$ 348,495
EXPENSE AND EQUIPMENT	<u>0</u>	<u>0</u>	<u>4,603,002</u>	<u>4,603,002</u>
TOTAL				
Missouri Senior Rx Fund	\$ 0	\$ 0	\$ 4,951,497	\$ 4,951,497

The Governor recommends \$4,951,497 Missouri Senior Rx Fund and 8.75 staff to initiate the Missouri Senior Rx Program approved by the General Assembly in the 2001 Special Session.

**DEPARTMENT OF HEALTH AND SENIOR SERVICES**  
**MISSOURI SENIOR Rx PROGRAM TRANSFER**

H.B. Sec. 15.170	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Healthy Families Trust Fund-Seniors				
Catastrophic Prescription Account	\$ 0	\$ 0	\$ 5,080,440	\$ 5,080,440

The Governor recommends \$5,080,440 transferred from the healthy families trust fund-seniors catastrophic prescription account to the Missouri Senior Rx Fund to allow the use of funds from the tobacco settlement that have already been set-aside for this purpose. This transfer will cover costs in the Department of Health and Senior Services, as well as fringe benefits.

**DEPARTMENT OF SOCIAL SERVICES**  
**OFFICE OF THE DIRECTOR**  
**LEGAL AID**

H.B. Sec. 15.175	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PROGRAM SPECIFIC DISTRIBUTION				
Tort Victims' Compensation Fund	\$ 1,550,000	\$ 50,000	\$ 0	\$ 0
Legal Services for Low-Income People Fund	<u>0</u>	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>
TOTAL	\$ 1,550,000	\$ 800,000	\$ 750,000	\$ 750,000

The Governor recommends \$750,000 legal services for low-income people fund to replace other funds vetoed in the Fiscal Year 2002 budget.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF SOCIAL SERVICES  
OFFICE OF THE DIRECTOR  
LEGAL AID TRANSFER**

H.B. Sec. 15.180	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

Tort Victims' Compensation Fund	\$	0	\$	0	\$	1,760,830	\$	1,760,830
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The Governor recommends \$1,760,830 transferred from the tort victims' compensation fund to the legal services for low-income people fund as required by Section 537.678, RSMo.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES  
GENERAL RELIEF**

H.B. Sec. 15.185	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

General Revenue Fund	\$	5,550,000	\$	5,550,000	\$	1,667,592	\$	1,667,592
Federal Funds		<u>740,000</u>		<u>740,000</u>		<u>380,000</u>		<u>380,000</u>
TOTAL	\$	6,290,000	\$	6,290,000	\$	2,047,592	\$	2,047,592

The Governor recommends \$2,047,592 to meet the caseload requirements of the General Relief Program, including \$1,667,592 general revenue.

**DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF FAMILY SERVICES  
BLIND PENSIONS**

H.B. Sec. 15.190	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
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**PROGRAM SPECIFIC DISTRIBUTION**

Blind Pension Fund	\$	17,167,588	\$	17,167,588	\$	400,000	\$	400,000
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The Governor recommends \$400,000 blind pension fund for increased expenditures due to caseload growth.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF SOCIAL SERVICES  
DIVISION OF MEDICAL SERVICES  
MEDICAID SUPPLEMENTAL POOL**

H.B. Sec. 15.195	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
<b>PROGRAM SPECIFIC DISTRIBUTION</b>				
General Revenue Fund	\$ 1,077,966	\$ 0	\$ 0	\$ 0
Federal Funds	34,880,516E	209,880,516	93,000,000	93,000,000
Uncompensated Care Fund	6,099,999E	6,100,000	0	0
Pharmacy Rebates Fund	2,330,000E	2,330,000	0	0
Third-Party Liability Collections Fund	6,130,000E	24,130,000	0	0
Federal Reimbursement Allowance Fund	2,033,333E	2,033,333	0	0
Intergovernmental Transfer Fund	1,680,001E	193,957,966	0	0
<b>TOTAL</b>	<b>\$ 54,231,815</b>	<b>\$ 438,431,815</b>	<b>\$ 93,000,000</b>	<b>\$ 93,000,000</b>

The Governor recommends \$93,000,000 federal funds in the Medicaid supplemental pool for anticipated costs of existing Medicaid programs.

**ELECTED OFFICIALS  
OFFICE OF THE GOVERNOR  
HOMELAND SECURITY**

H.B. Sec. 15.200	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
<b>EXPENSE AND EQUIPMENT</b>				
Federal Funds	\$ 0	\$ 0	\$ 0	\$ 1E

The Governor recommends \$1 federal funds on an open-ended basis to implement homeland security measures in Missouri.

**ELECTED OFFICIALS  
ATTORNEY GENERAL  
NO CALL UNIT**

H.B. Sec. 15.205	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 244,500	\$ 244,500	\$ 0	\$ 0
EXPENSE AND EQUIPMENT	<u>468,400</u>	<u>468,400</u>	<u>1,230,000</u>	<u>1,230,000</u>
<b>TOTAL</b>				
Merchandising Practices Revolving Fund	\$ 712,900	\$ 712,900	\$ 1,230,000	\$ 1,230,000

The Governor recommends \$1,230,000 merchandising practices revolving fund for the no call unit.

**SUPPLEMENTAL APPROPRIATIONS  
DEPARTMENT OF JUDICIARY**

H.B. Sec. 15.210	GOVERNOR'S ORIGINAL RECOMMENDATION	ORIGINAL APPROPRIATION	CURRENT REQUEST	GOVERNOR RECOMMENDS
PERSONAL SERVICE	\$ 1,053,464	\$ 1,053,464	\$ 286,965	\$ 286,965
EXPENSE AND EQUIPMENT	9,361,408	9,361,408	33,625	33,625
PROGRAM SPECIFIC DISTRIBUTION	0	0	2,175,000	2,175,000
TOTAL				
Federal Funds	\$ 10,414,872	\$ 10,414,872	\$ 2,495,590	\$ 2,495,590

The Governor recommends \$2,328,811 federal funds to maximize federal reimbursements related to adoption, foster care and children at risk of removal from the home, and \$166,779 federal funds for juvenile court automation projects.

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# CAPITAL IMPROVEMENTS

## POLICY SUMMARY

Governor Holden recommends funding for a new state health lab, a new Missouri National Guard armory, and seven new community corrections centers. These investments will make Missouri a safer place and increase state government's ability to respond should emergencies arise.

Missouri uses a biennial appropriations process for capital improvements. During the second year of the biennium, funding is provided for critical projects unforeseen at the time of the adoption of the biennial budget, projects required by legislation passed in the first year of the biennium, and projects using one-time resources that become available for major, one-time improvements to the state's infrastructure.

### **Public Health Laboratory**

Governor Holden proposes construction of a new state public health laboratory. The state health laboratory plays a crucial role in detecting disease outbreaks and is a vital resource in quickly identifying any bio-terrorism attack. Operations at the laboratory are essential for an informed public health and public safety response to emergency incidents. As the number and kinds of tests conducted by laboratory personnel have increased over the years, the small and inflexible space, outdated equipment, and ventilation system have proven inadequate. Tobacco funds totaling \$25 million were set aside in Fiscal Year 2002 to construct the laboratory but had to be withheld to ensure a balanced budget. The planning and design process was not impacted by the withholdings. Indeed, construction of the new laboratory will not be delayed a single day by the change in funding source. Planning and design of the laboratory has been underway since the beginning of Fiscal Year 2002. The Governor intends to proceed with construction in Fiscal Year 2003 on the same timetable as originally planned. Governor Holden requests approval for the new laboratory from the Board of Public Buildings and recommends:

- \$30,000,000 revenue bond proceeds to construct a new state public health laboratory.

### **Missouri National Guard Armory**

Because of Missouri's strong support of the National Guard, the state was chosen to be the home of a new National Guard engineer unit. The federal government is providing funds to construct a new armory to house the unit. Plans call for the armory to be located in the southern portion of the Kansas City metropolitan area. Armories provide National Guard personnel a place to store equipment and conduct training. Rigorous training ensures a unit is able to maintain a high state of readiness. The Missouri National Guard has proven invaluable to the state in responding to critical incidents such as the Great Flood of 1993 and the September 11 terrorist attacks. The Governor recommends:

- \$5,267,643 federal funds for planning, design, and construction of a new armory in the southern portion of the Kansas City metropolitan area.

### **Community Corrections Centers**

The Department of Corrections has secured approval from the U.S. Department of Justice to use Violent Offender Incarceration and Truth-in-Sentencing Incentive Grant Program funds for construction of seven community corrections centers. Through this agreement, the federal government will pay 90 percent of the project cost, which is approximately \$30 million, while the state pays the remaining ten percent. Federal funds will be used this year for planning and design while the state match for construction will not be needed until the next biennial capital improvements budget. All construction will be completed by Fiscal Year 2005, as program funding expires in Fiscal Year 2006.

Studies have shown that certain offenders can be more effectively supervised in their local community rather than being placed in a correctional facility. This includes offenders admitted to short-term shock/treatment incarceration with no previous criminal convictions and those offenders at risk for returning to prison due to probation and parole technical violations. Each community corrections center will be secure and will include administrative offices, classrooms, dormitory-style housing, multipurpose space, and drug testing facilities. The centers will ensure that high-cost prison space is maintained for the most serious offenders. The centers are designed as an alternative to incarceration with the expectation that judges will use this space responsibly. Success of the centers will delay the need to construct a new prison. Governor Holden recognizes this as an effective alternative to incarceration and recommends:

- \$540,000 federal funds for planning and design of seven new community corrections centers.



## CAPITAL IMPROVEMENTS

### POLICY SUMMARY (Continued)

#### FISCAL YEAR 2003 CAPITAL IMPROVEMENTS SUMMARY

	<b><u>Federal Funds</u></b>	<b><u>Bond Proceeds</u></b>	<b><u>Total</u></b>
Department of Health and Senior Services			
• Public health laboratory	\$ 0	\$ 30,000,000	\$ 30,000,000
Department of Public Safety			
• National Guard armory	5,267,643	0	5,267,643
Department of Corrections			
• Community corrections centers	<u>540,000</u>	<u>0</u>	<u>540,000</u>
Total	<u>\$ 5,807,643</u>	<u>\$ 30,000,000</u>	<u>\$ 35,807,643</u>

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# CAPITAL IMPROVEMENTS

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## CAPITAL IMPROVEMENTS

### POLICY SUMMARY (Continued)

#### FISCAL YEAR 2003 CAPITAL IMPROVEMENTS SUMMARY

	<u>Federal Funds</u>	<u>Bond Proceeds</u>	<u>Total</u>
Department of Health and Senior Services			
• Public health laboratory	\$ 0	\$ 30,000,000	\$ 30,000,000
Department of Public Safety			
• National Guard armory	5,267,643	0	5,267,643
Department of Corrections			
• Community corrections centers	<u>540,000</u>	<u>0</u>	<u>540,000</u>
Total	<u>\$ 5,807,643</u>	<u>\$ 30,000,000</u>	<u>\$ 35,807,643</u>